

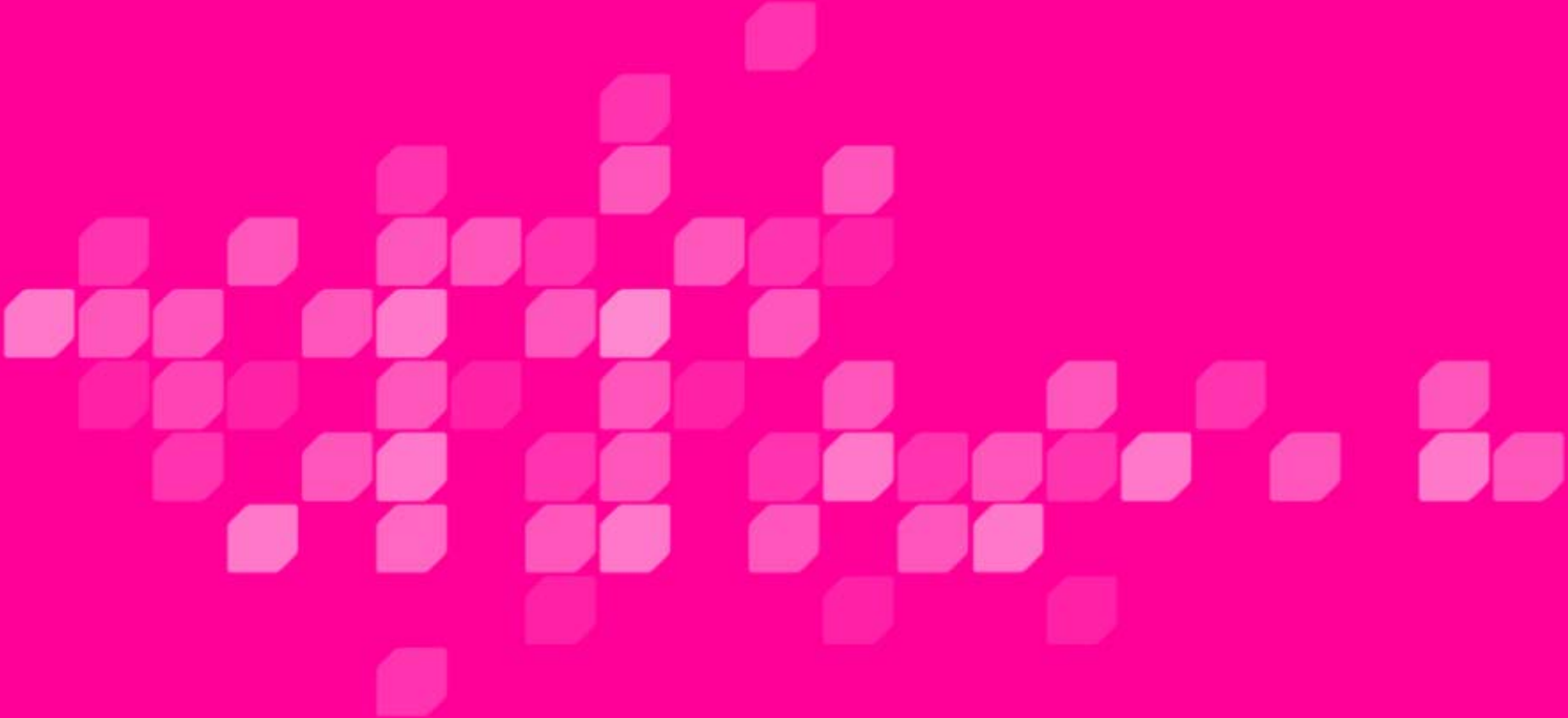
# Hawaii Marketing Effectiveness Study

Draft  
2004 Quarterly Report  
November 2004



the sixth sense of business™

# Purposes and Methodology



# Research Objectives

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This is the seventh quarterly report of a tracking study for Hawaii.

Over time, this research tracks the impact and effectiveness of advertising campaigns. Specifically, it measures and monitors changes in:

- Awareness and Image of Hawaii and Competitors
- Consideration of Hawaii as Destination
- Intent and/or Actual Visits to Hawaii
- Ratings of Hawaii and Competitors
- Travel Patterns and Info on Hawaii Trip (Accommodations, Length of Visit, Frequency, Satisfaction)
- Attributes/Situations Impacting Travel Plans as Needed

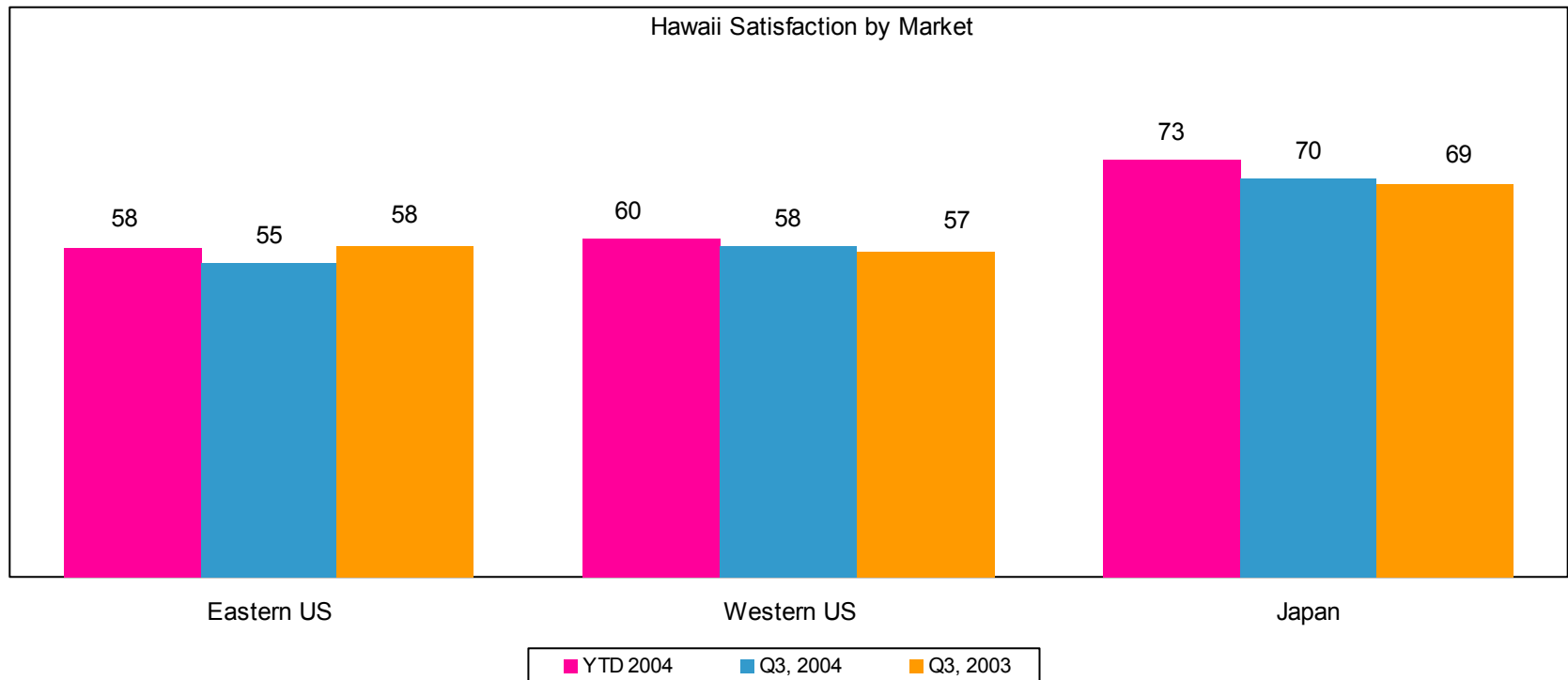
# Hawaii Visitors vs. Total Travelers

	Total All LD* Respondents	Hawaii Visitors Past 3 Years				
	YTD 2004	Q3: Jul-Sep 03	Q4: Oct-Dec 03	Q1: Jan-Mar 04	Q2: Apr-Jun 04	Q3: Jul-Sep 04
<b>EASTERN US</b>						
Median Age	49	51	52	43	57	55
Median Income	\$55,900	\$71,300	\$76,200	\$69,500	\$73,900	\$77,500
# LD* Trips Annually	2.0	2.8	2.9	3.2	2.6	2.9
<b>WESTERN US</b>						
Median Age	49	52	49	46	53	53
Median Income	\$57,200	\$65,500	\$64,100	\$70,000	\$71,800	\$67,200
# LD* Trips Annually	2.2	2.7	3.0	2.5	2.5	2.7
<b>JAPAN</b>						
Median Age	46	41	42	45	42	43
Median Income	\$61,600	\$59,200	\$64,500	\$61,600	\$68,800	\$71,200
# Int'l Trips Past 2 Years	1.8	1.8	1.9	1.8	1.9	2.2

\*LD=Long-distance travelers: 500+ Mile Air Trip in Past 12 Months

# Satisfaction Index (Q6) (Especially Like/Have Visited)

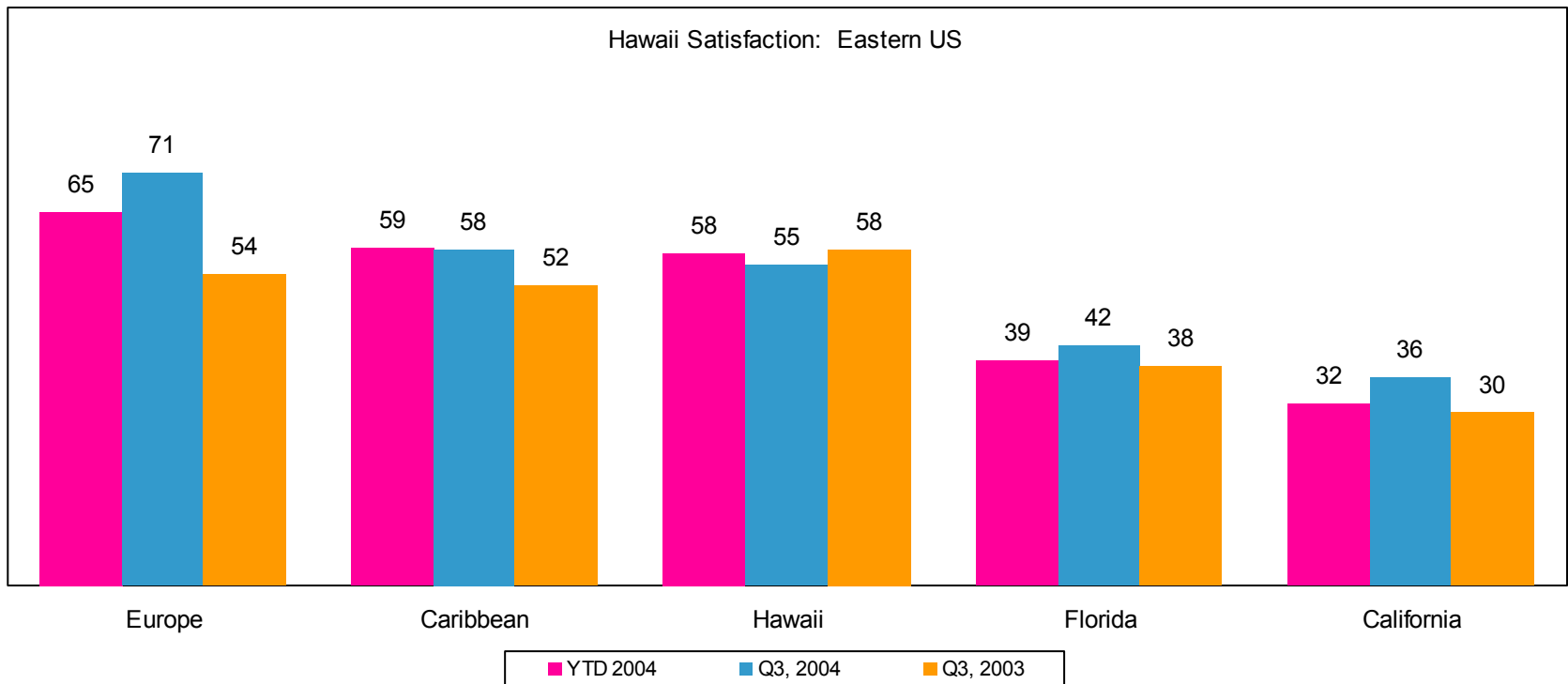
- Hawaii consistently receives high marks, nearly identical between the East and West US markets.
- However, it faces fierce competition from other areas of the world, particularly Europe, the Caribbean, and Australia as shown by market on the next three slides (although Australia slips behind Alaska in the US West). Hawaii (YTD) leads in the US West and Japan and receives good marks in the US East, but varies quarter by quarter.



# Satisfaction Index (Q6)

## (Eastern US: Especially Like/Have Visited)

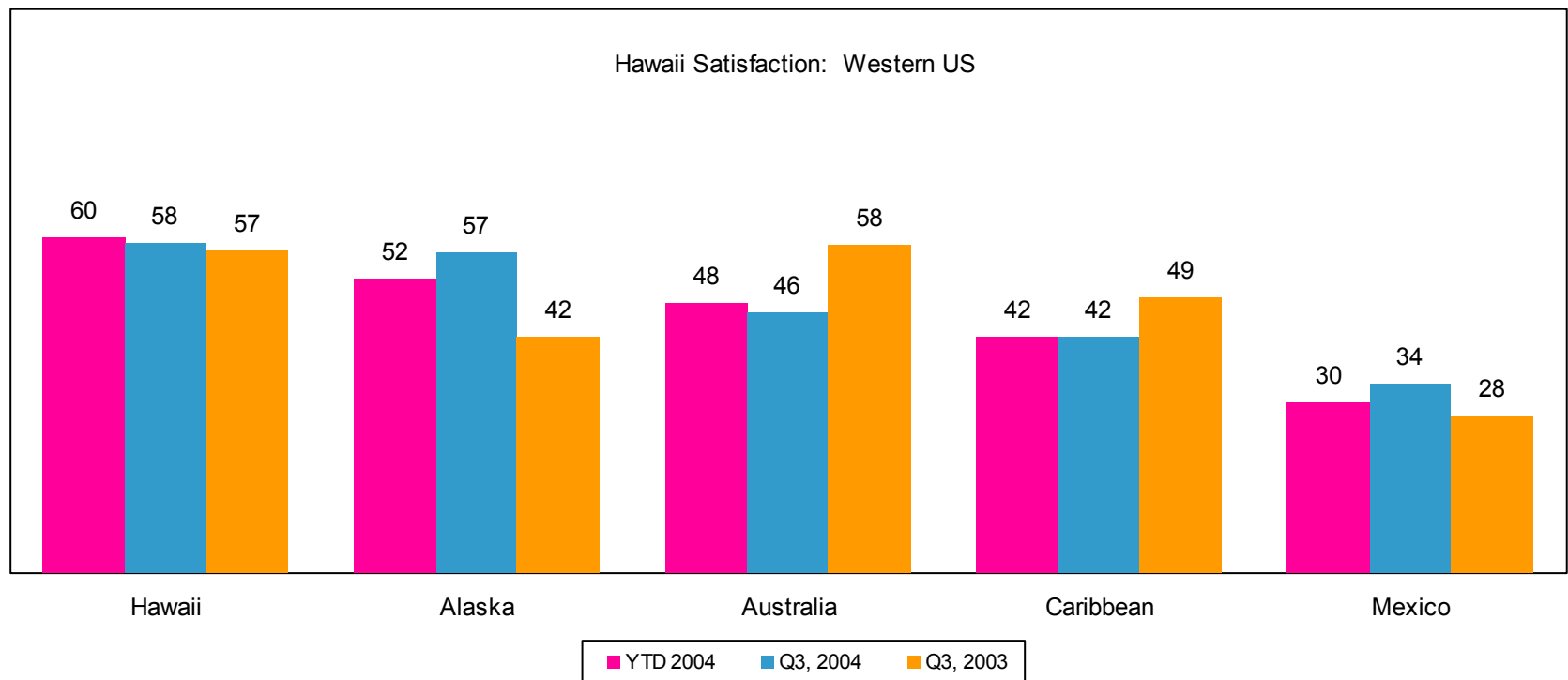
- Hawaii slips slightly in satisfaction from a year ago in the Eastern market (holding at the Quarter 2 level). Europe returns to the front-runner position this quarter and the Caribbean also edges past Hawaii. Year-to-date 2004, Europe maintains its lead while Hawaii and the Caribbean vie for second place.
- The domestic destinations measured, Florida and California, improve from year-earlier results, but continue to trail Hawaii.



# Satisfaction Index (Q6)

## (Western US: Especially Like/Have Visited)

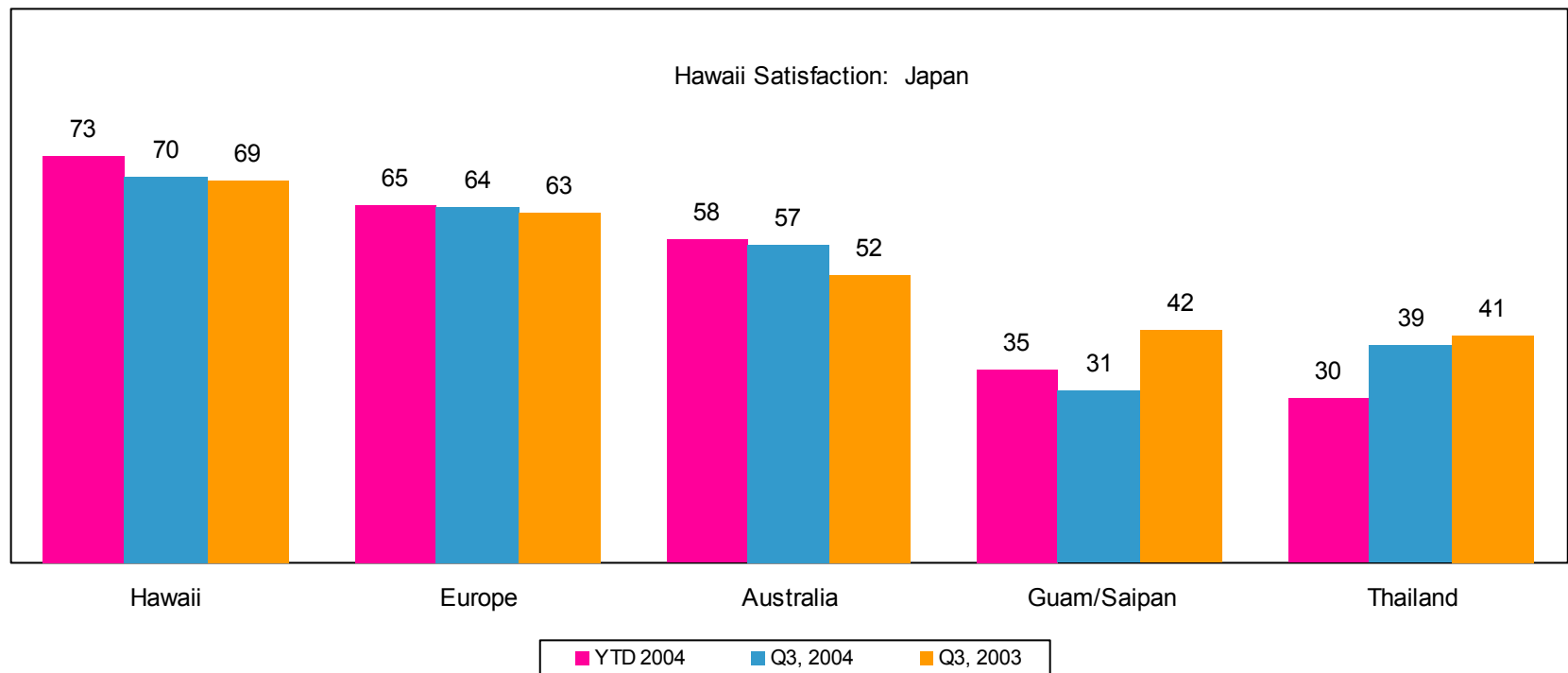
- In Quarter 3, 2004, Hawaii maintains superior placement as a vacation destination. Alaska joins Hawaii as a leader; meanwhile Australia continues to slip from its strong year-earlier position.
- In 2004, Hawaii and Alaska gain while Australia stumbles from a year ago, putting Hawaii solidly in first place. Alaska pushes Australia out of second place. The Caribbean is less of a threat in the Western market and Mexico continues to lag the other competitors.



# Satisfaction Index (Q6)

## (Japan: Especially Like/Have Visited)

- Consistent with results from other quarters, Japanese travelers rate Hawaii above other competitors as a place they especially like. Europe and Australia also receive high marks.





# Demographics and Travel Patterns



# Eastern US Market: Demographics

## (Hawaii Visitors vs. Total 500+ Mile Air Travelers)

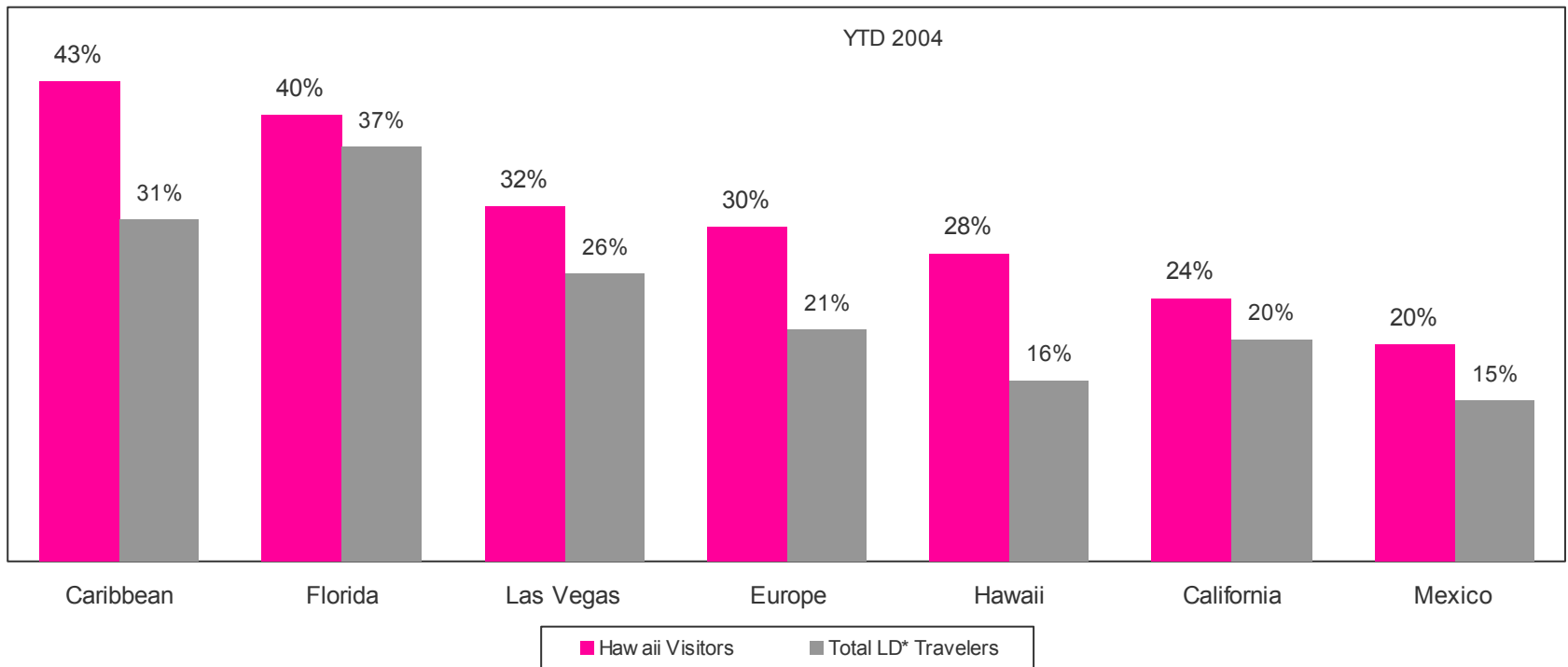
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Quarter 3, 2004 Hawaii Visitors (Past 3 Years):

- Slightly older (mid 50s) than other Eastern US long-distance (500+ miles) air travelers, but almost no more likely to be retired (21% vs. 20%).
- The proportion of retirees varies dramatically by quarter and, as expected, moves with changes in age.
- Hawaii visitors tend to report more formal education (51% college graduates) than other long-distance travelers (48%). Although the gap is relatively small this quarter, it matches year-ago results.
- The median household income stays significantly above other travelers (\$77,500 vs. \$56,500).
- Compared to a year ago, Hawaii visitors are slightly older, more likely retired, report higher incomes, and a matching proportion reports that they have graduated from college.
- Compared to a year ago, long-distance travelers are similar to year-ago travelers on these dimensions (median age, income, percent retired, and college graduates).

# Eastern US Market: Considered Destinations (Q3)

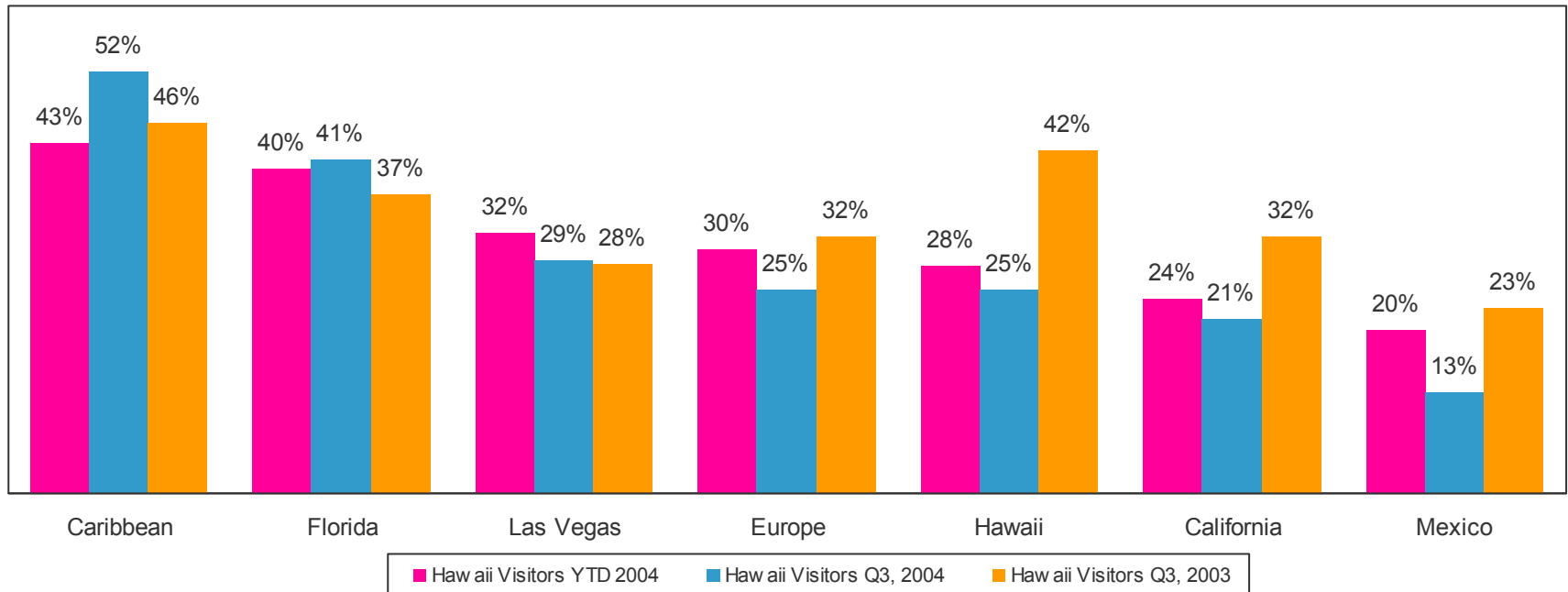
- The top destinations selected by Eastern US 500+ mile air travelers are similar to those selected by Hawaii visitors, with minor shifts in ranking.
- Those who have visited Hawaii are more likely to choose foreign places that are farther away, most notably Europe, but also the Caribbean and Mexico.
- As noted in the other quarterly reports, Hawaii visitors (past 3 years) are more likely than other travelers to choose each listed destination although the gap is smaller for Florida, California, and Las Vegas.



LD\* = Long-distance: 500+ mile air travelers

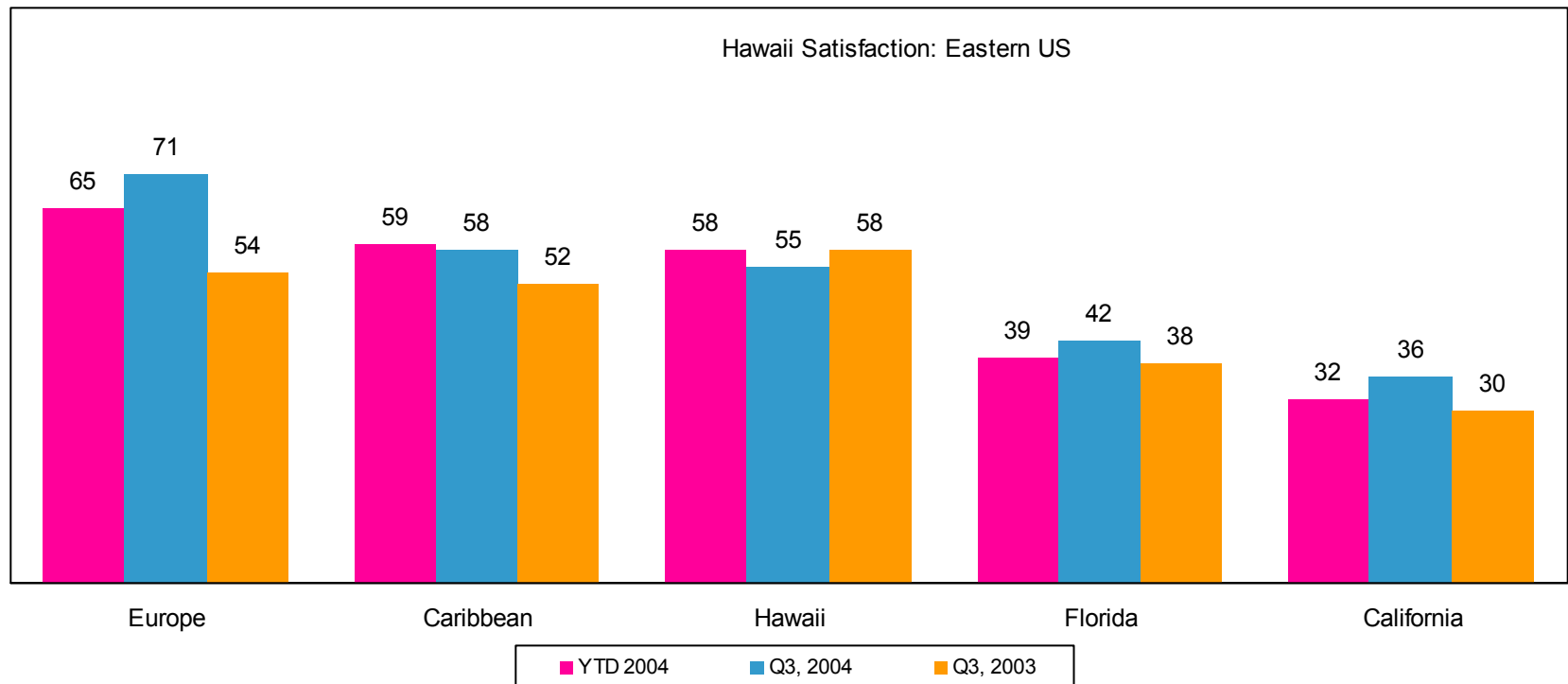
# Eastern US Market: Considered Destinations (Q3)

- Hawaii visitors from the Eastern US alter the ranking of their list of considered destinations from wave to wave, possibly reflecting seasonal preferences or varying reactions to international air travel.
- As in most prior quarters, the Caribbean and Florida consistently take the top spot in the consideration set.
- In Quarter 3, 2004, Las Vegas remains ahead of Hawaii, but Hawaii closes the gap between it and Europe. California slips behind Hawaii but still outpaces Mexico.
- Compared to a year ago, destination growth is strongest for the Caribbean (+6 percentage points) and Florida (+4). Las Vegas shows little change while the others drop in interest: Hawaii by -17 percentage points, California by -11, Mexico by -10, and Europe by -7.



# Eastern US Market: Satisfaction Index (Q6) (Especially Like/Have Visited)

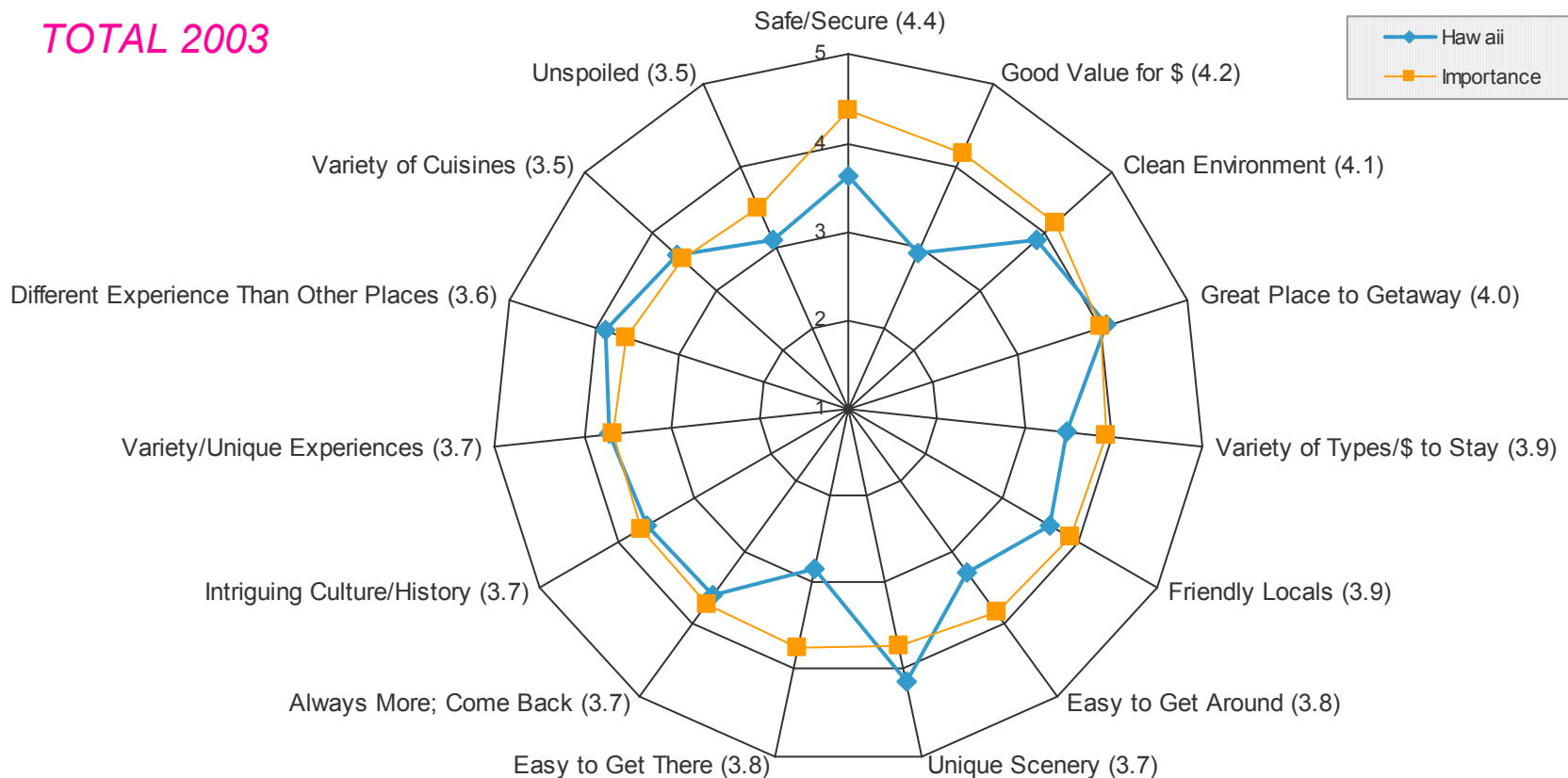
- Hawaii consistently receives high marks for satisfying its visitors, but with increasingly competitive pressure from Europe and the Caribbean.
- The trio of Hawaii, Europe, and the Caribbean swap the lead from quarter to quarter; each provides superior vacation experiences. However, Hawaii is the only destination in the competitive set that does not experience an increased satisfaction level over the same time period last year.



# Eastern US Market: Importance/Ratings (Q5)

- Travelers generally assign high scores to the Hawaii experience, except for dimensions that are consistent with its distance from this market: *Good Value for the Money* and *Easy to Get There*. It also trails on *Safe/Secure* and *Unspoiled*.

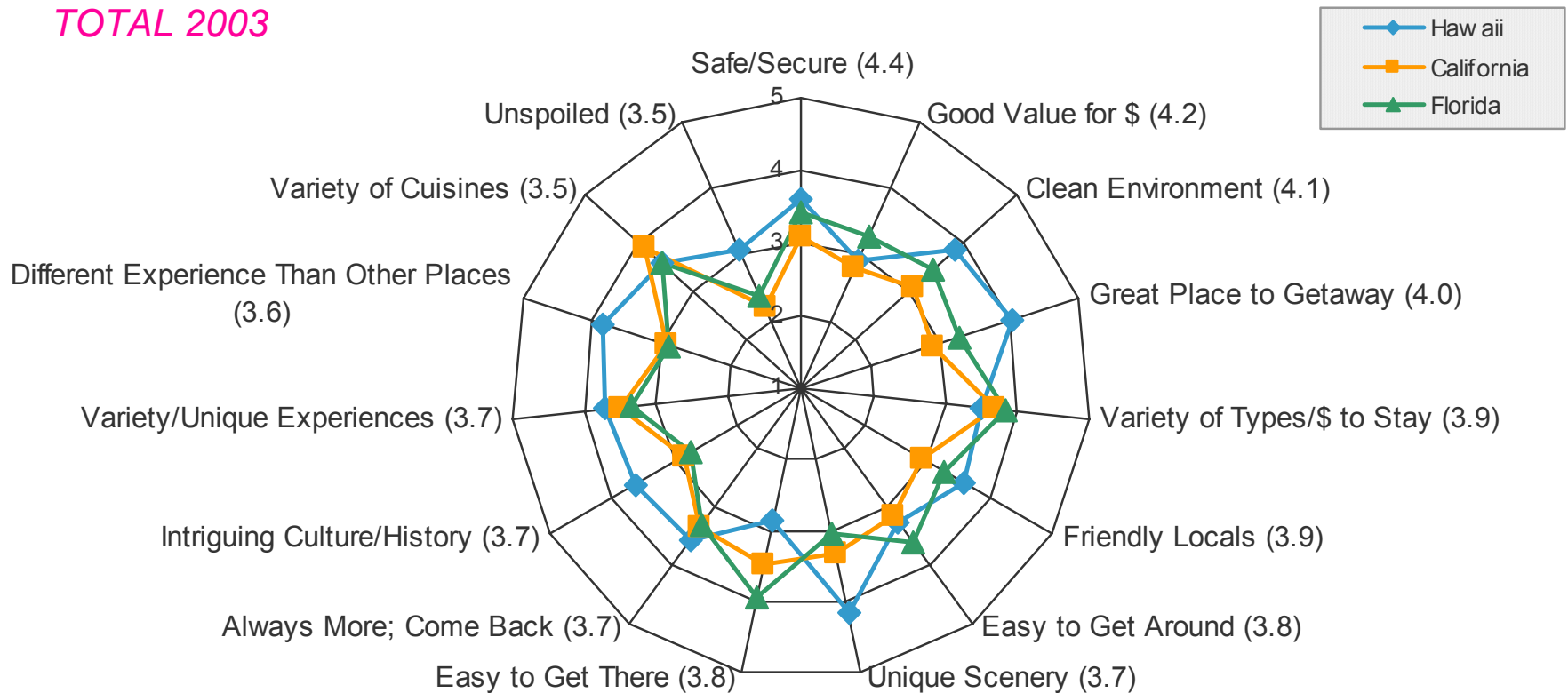
TOTAL 2003



# Eastern US Market: (Gap) Hawaii/Florida/California (Q5)

- Although **Hawaii** captures fewer visitors than **Florida** or **California**, travelers rate it much higher on attributes that are most important to them.
- Exceptions include: *Good Value for the Money* and *Easy to Get Around* (FL wins on both); *Variety of Cuisines* (CA leads); *Variety of Types and Prices of Places to Stay* and, of course, *Easy to Get There* (CA & FL higher on both attributes).

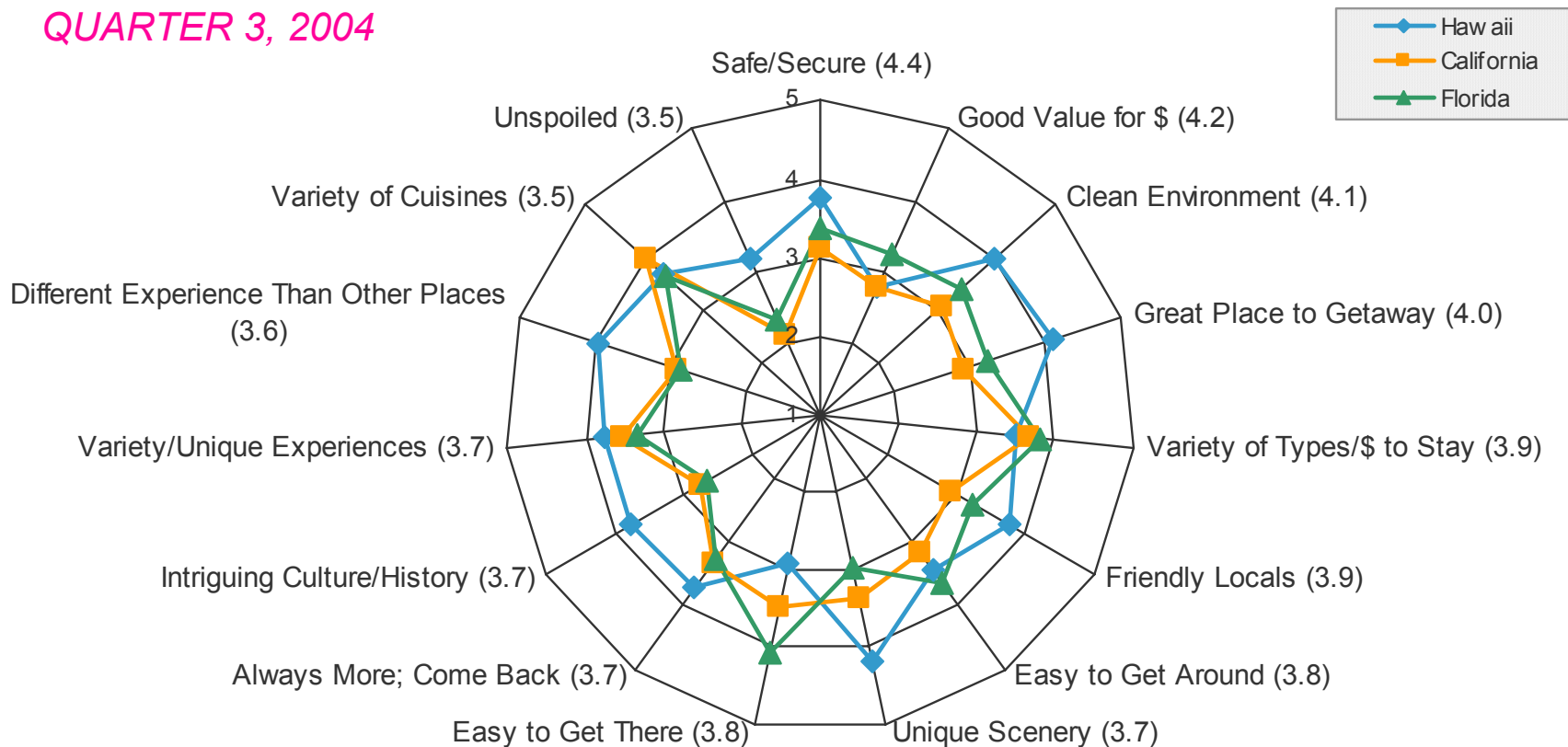
## TOTAL 2003



# Eastern US Market: (Gap) Hawaii/Florida/California (Q5)

- Quarter 3, 2004 follows the same patterns (prior slide) exhibited in 2003.

## QUARTER 3, 2004

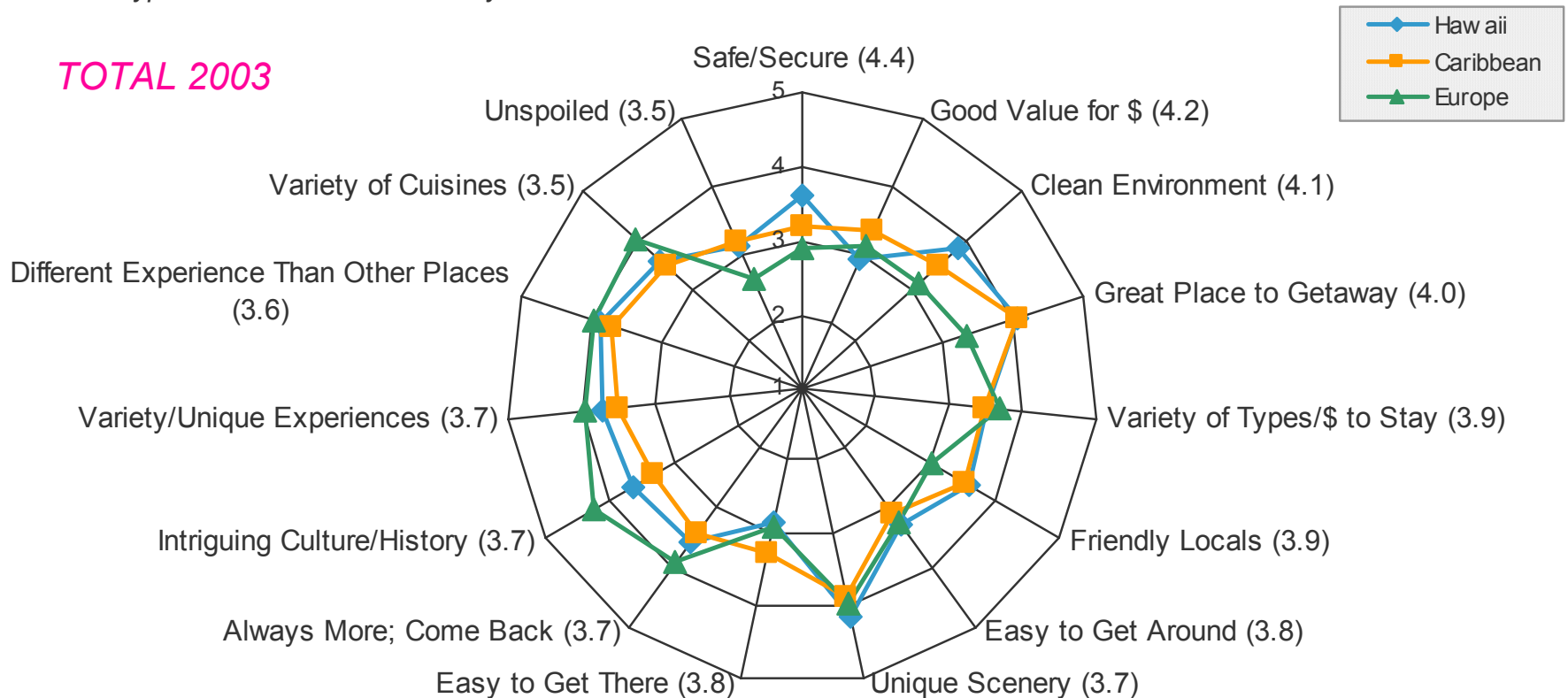




# Eastern US Market: (Gap) Hawaii/Caribbean/Europe (Q5)

- Eastern US travelers rate the **Caribbean** and Europe quite competitively to **Hawaii**, with different strengths for each area.
- **Hawaii** clearly leads *Safe/Secure Place*, *Clean Environment*, and edges ahead on *Unique Scenery*.
- The Caribbean ranks higher on *Easy to Get There* and *Good Value for the Money*.
- **Europe** outpaces others on *Always More to Come Back For*, *Intriguing History & Culture*, *Variety/Unique Experiences*, and *Variety of Cuisines* and exhibits a modest lead on *Different Experience Than Other Places* and *Variety of Types/Prices of Places to Stay*.

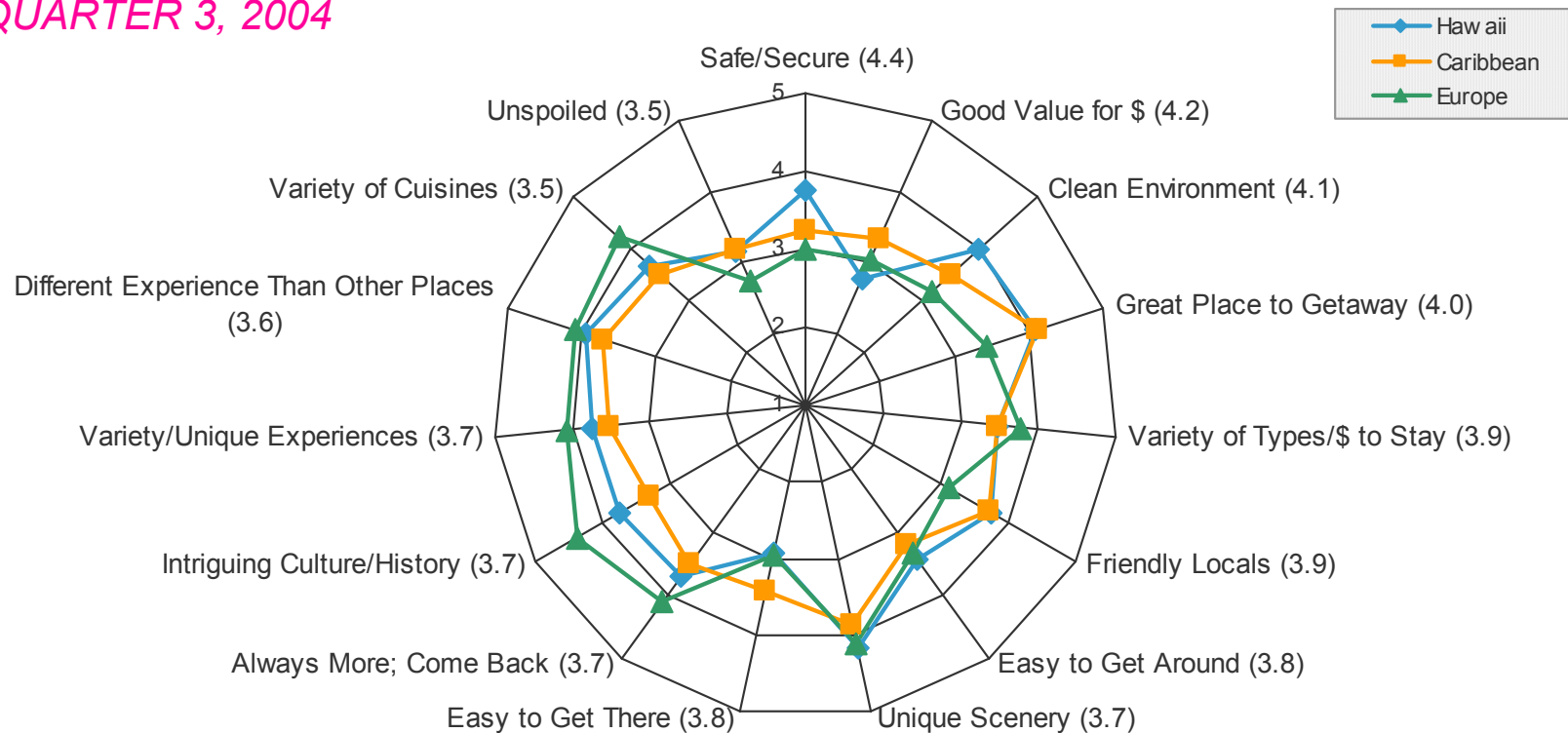
TOTAL 2003



# Eastern US Market: (Gap) Hawaii/Caribbean/Europe (Q5)

- Quarter 3, 2004 reveals similar patterns to 2003 (prior slide) except that **Europe** catches **Hawaii** on *Unique Scenery*.

## QUARTER 3, 2004



# Demographics and Travel Patterns

Western US Market

# Western US Market: Demographics

## (Hawaii Visitors vs. Total 500+ Mile Air Travelers)

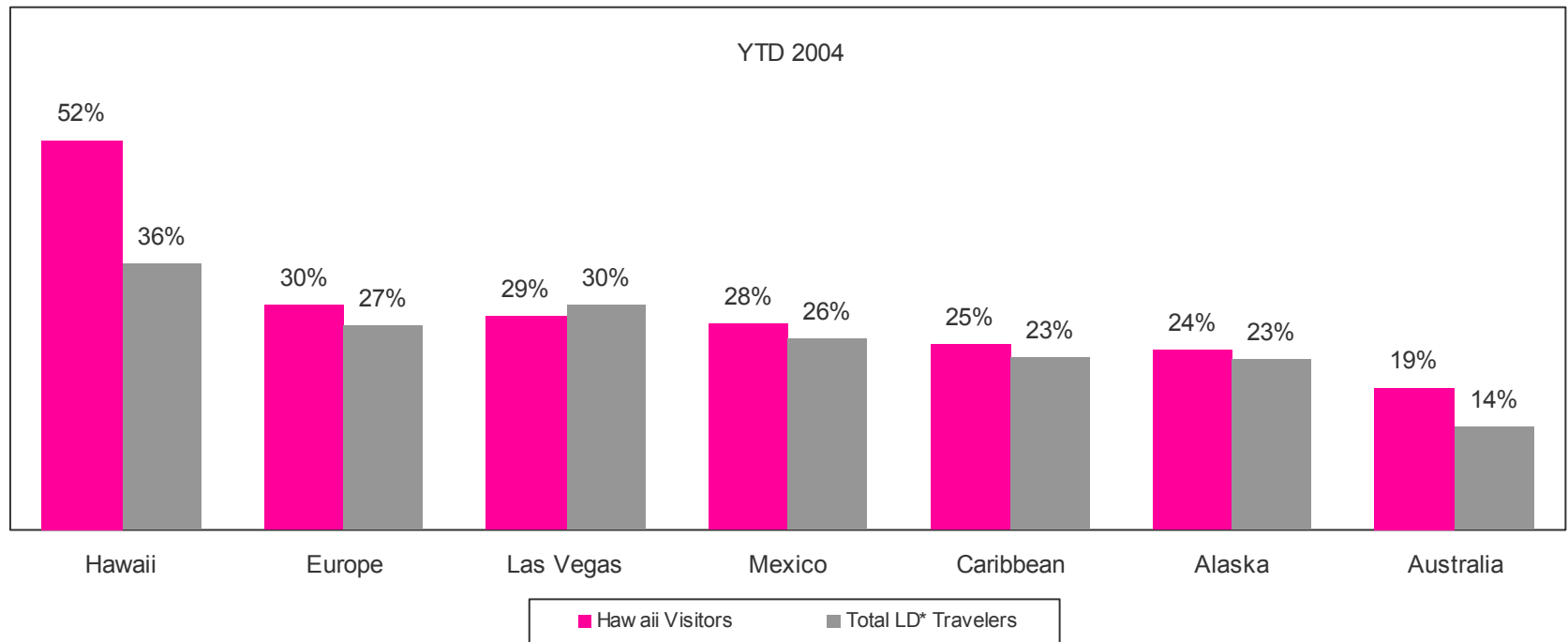
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Quarter 3, 2004 Hawaii Visitors (Past 3 Years):

- Similar age (early 50s) as other Western US long-distance (500+ miles) air travelers. Hawaii visitors are essentially the same age as last quarter and a year ago; long distance travelers are slightly older than a year ago.
- Hawaii visitors are more likely to have earned a college degree than total travelers, but the gap is less than earlier this year (50% vs. 47%). Both groups are similar to a year ago (49% vs. 49%).
- One in four is retired (24% vs. 24%), similar to a last quarter and a year ago, but many more are retired than in Quarter 1 (which is consistent with Quarter 1's younger average age).
- Hawaii visitors indicate higher median household incomes (\$67,200 vs. \$57,600); both Hawaii visitors and long distance visitors report income levels above those of a year ago.

# Western US Market: Considered Destinations (Q3)

- With only marginal differences in rank order, the top destinations considered by Western US 500+ mile air travelers are similar to those considered by travelers who have visited Hawaii.
- However, except for Las Vegas, Hawaii visitors (past 3 years) are equally-to-more likely to choose each of these destinations than other travelers – and are especially likely to consider visiting Hawaii again.

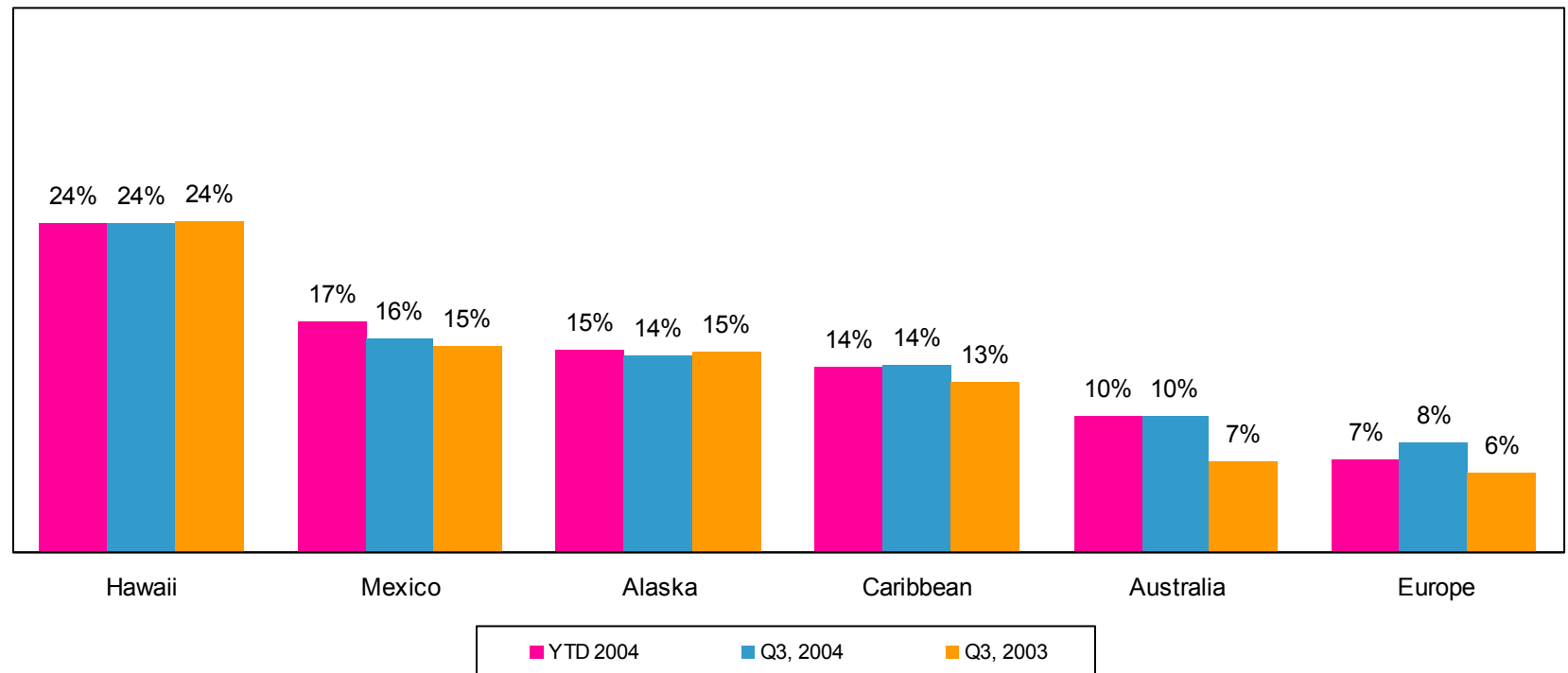


LD\* = Long-distance: 500+ mile air travelers

# Western US Market: Destinations Planned (Q6)

## (Plan to Visit for Leisure Within 24 Months)

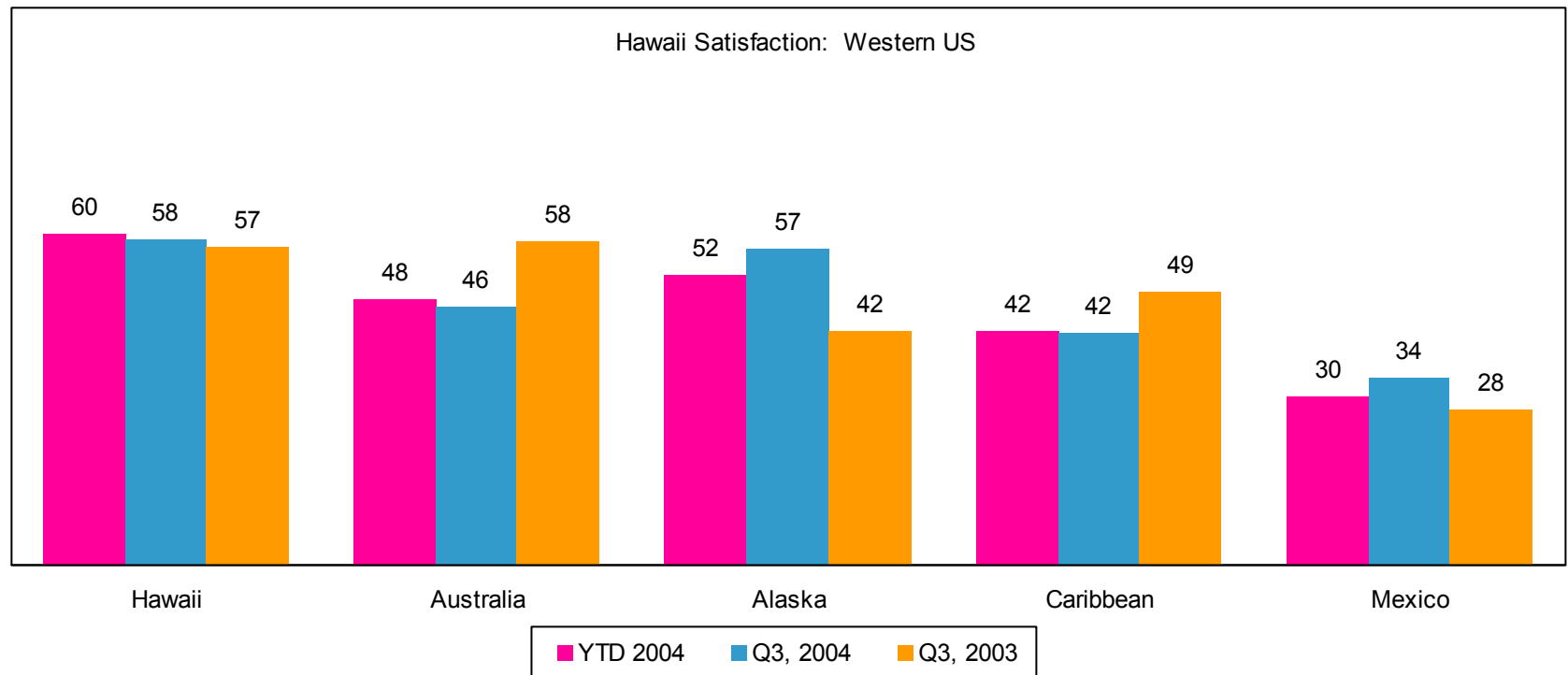
- Prompted for destinations that they plan to visit within 2 years, long-distance travelers in the third quarter of 2004 consider the same destinations as a year ago (no more than a percentage-point difference), with the exceptions of Australia and Europe (both increase).
- Hawaii consistently ranks first; Mexico and Alaska vie for second place, and the Caribbean continues to lead Australia and Europe.



# Satisfaction Index (Q6)

## (Western US: Especially Like/Have Visited)

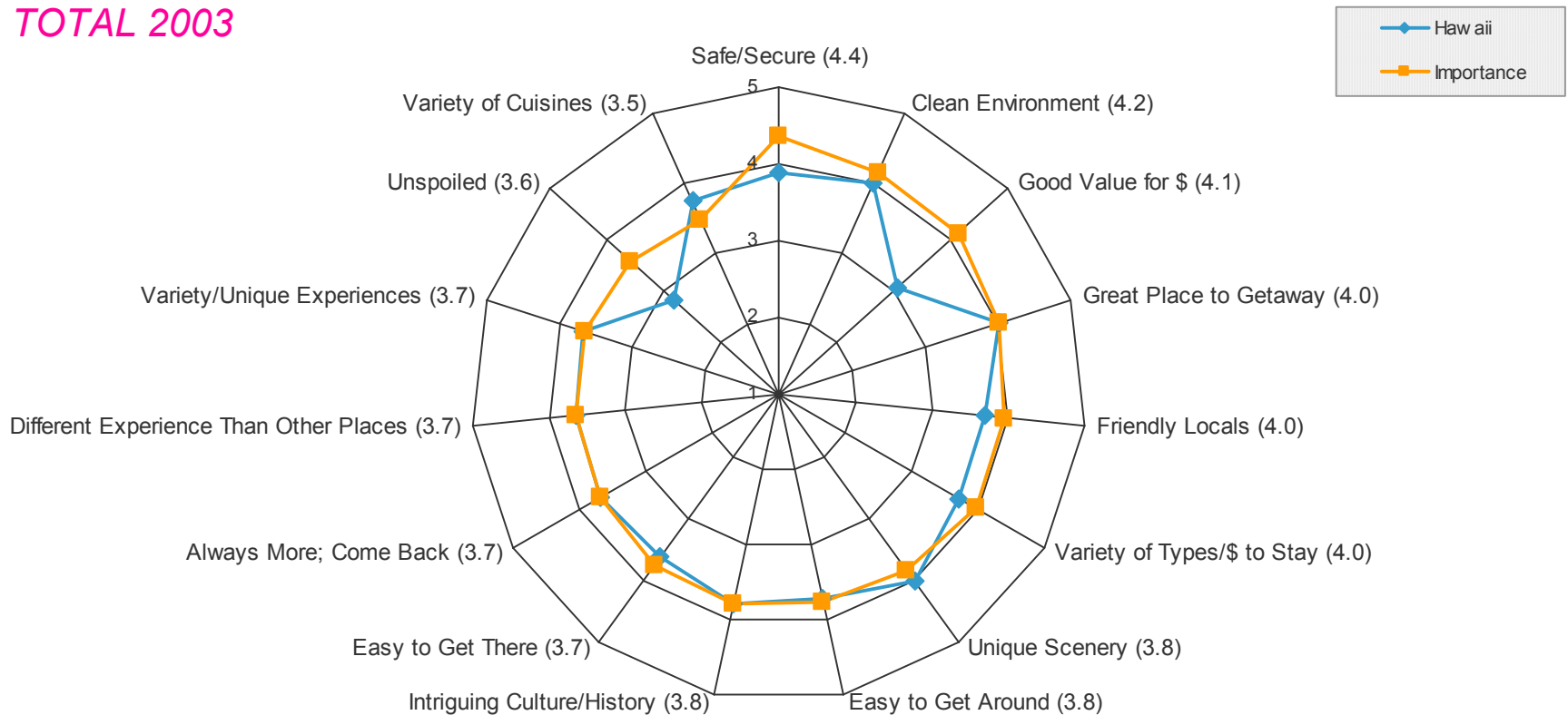
- In Quarter 3, 2004, Hawaii gains while Australia slips, generating a more distinct lead over the country for satisfaction. At the same time, however, Alaska nearly “catches” Hawaii, pressuring it for the lead.
- Among these strong, competitive destinations, Hawaii, and Mexico receive higher scores on this index compared to last year; Australia and the Caribbean lose ground.



# Western US Market: Importance/Ratings (Q5)

- Western travelers generally assign high scores to the Hawaii experience, except for *Good Value for the Money* and *Unspoiled*.
- They also perceive a noticeable gap between importance and Hawaii's "delivery" on *Safe/Secure*.

## TOTAL 2003

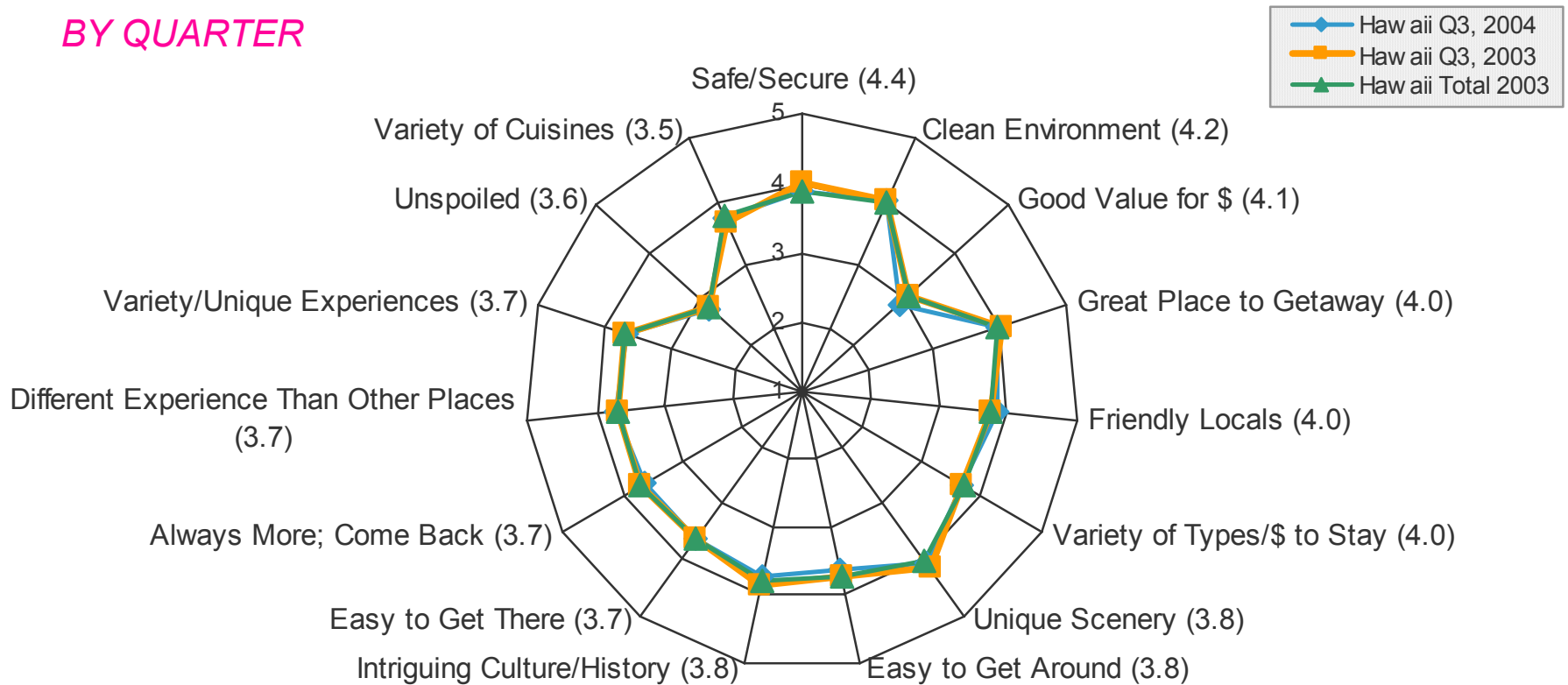




# Western US Market: Hawaii Ratings (Q5)

- Since the same time last year, Hawaii's ratings gain a little on *Friendly Locals* and *Variety of Cuisines*, but decline slightly on several elements, including: *Safe/Secure*, *Good Value for the Money*, *Unique Scenery*, *Easy to Get Around*, and *Intriguing Culture/History*.

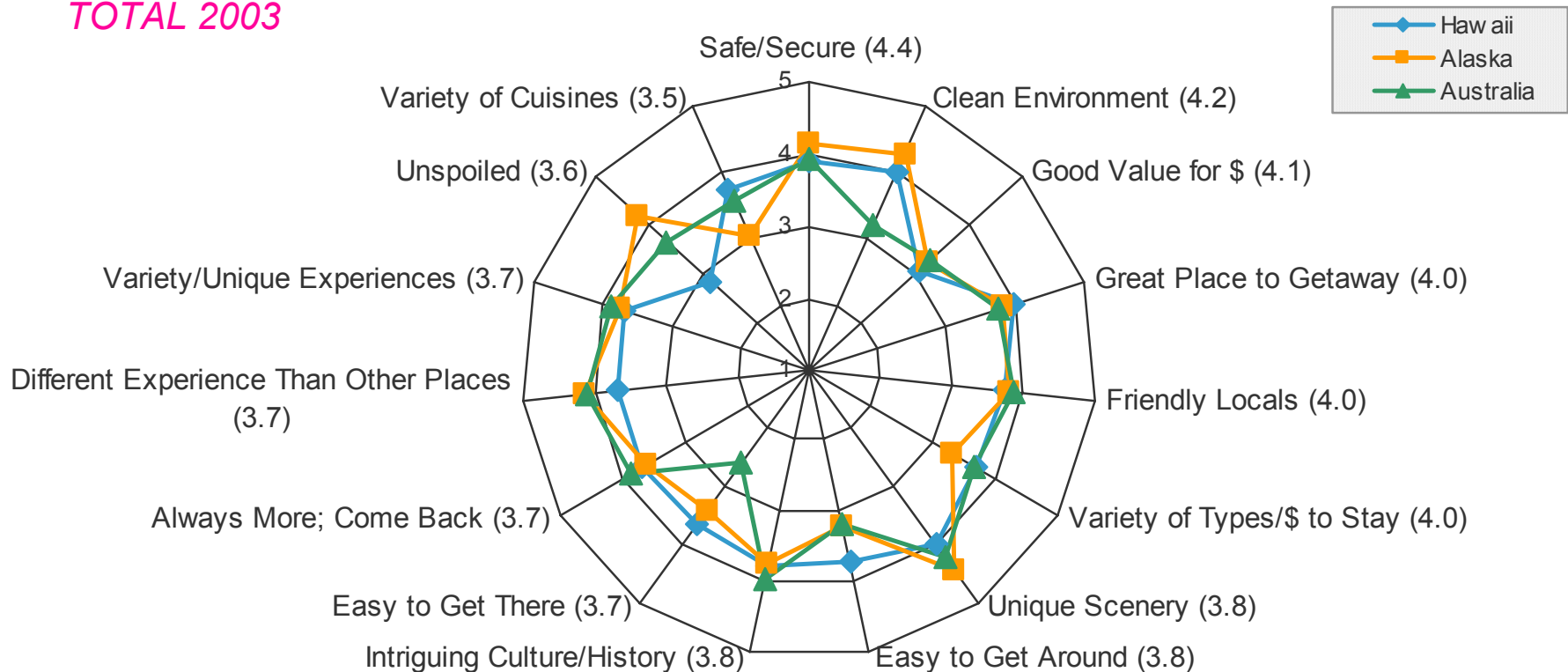
## BY QUARTER



# Western US Market: (Gap) Hawaii/Alaska/Australia (Q5)

- **Hawaii** clearly leads on three items: *Easy to Get Around*, *Easy to Get There*, and *Variety of Cuisines*.
- **Alaska** wins for *Safe/Secure*, *Clean Environment*, *Unique Scenery*, and *Unspoiled*.
- **Australia** pulls ahead on *Intriguing Culture/History* and *Variety/Unique Experiences*, and *Always More to Keep Coming Back* but, logically, trails on *Easy to Get There*.

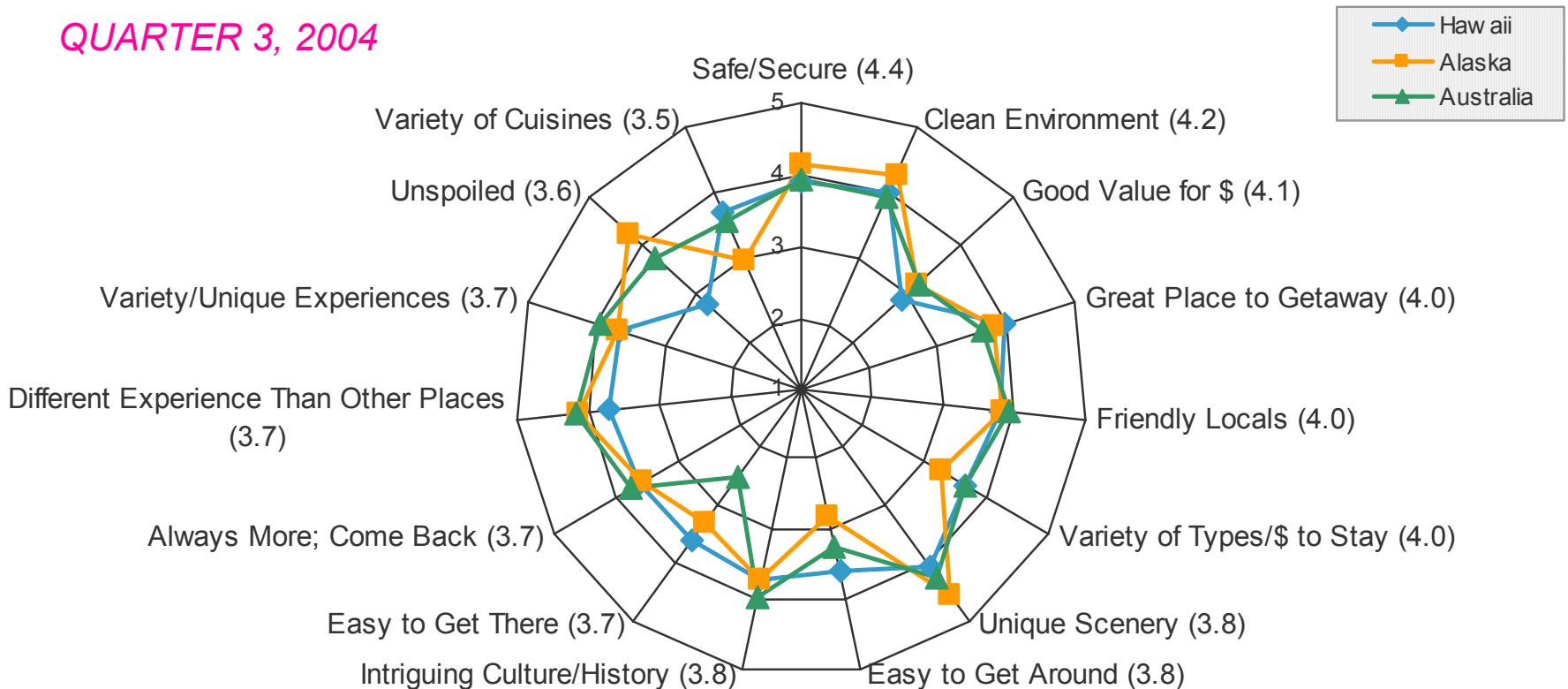
## TOTAL 2003



# Western US Market: (Gap) Hawaii/Alaska/Australia (Q5)

- Quarter 3, 2004 travelers rate **Hawaii** similar to the annual patterns just shown, maintaining its lead on: *Easy to Get Around, Easy to Get There, and Variety of Cuisines*. In the last two quarters, it also seems to have an edge on *Great Place to Getaway*.
- **Alaska** still wins for *Safe/Secure, Clean Environment, Unique Scenery, and Unspoiled*; **Australia** stays ahead on *Intriguing Culture/History, Variety/Unique Experiences, and Always More to Keep Coming Back* and edges ahead of competitors on *Friendly Locals*.

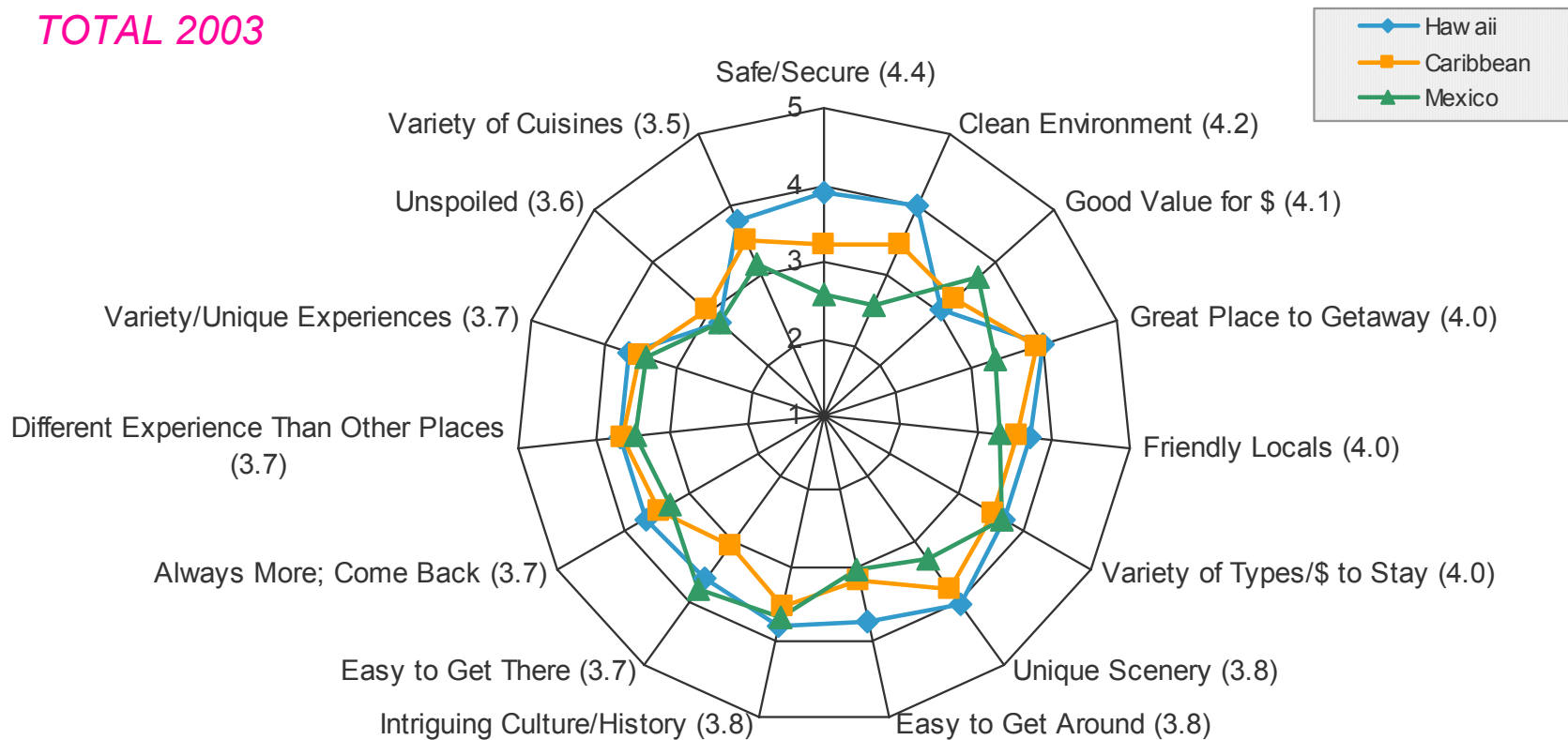
## QUARTER 3, 2004



# Western US Market: (Gap) Hawaii/Caribbean/Mexico (Q5)

- These travelers generally rate Hawaii near or above the Caribbean and Mexico with a few exceptions.
- The Caribbean leads on *Unspoiled* (slightly), Mexico leads on *Easy to Get There*, and both areas lead Hawaii on *Good Value for the Money* (particularly Mexico).

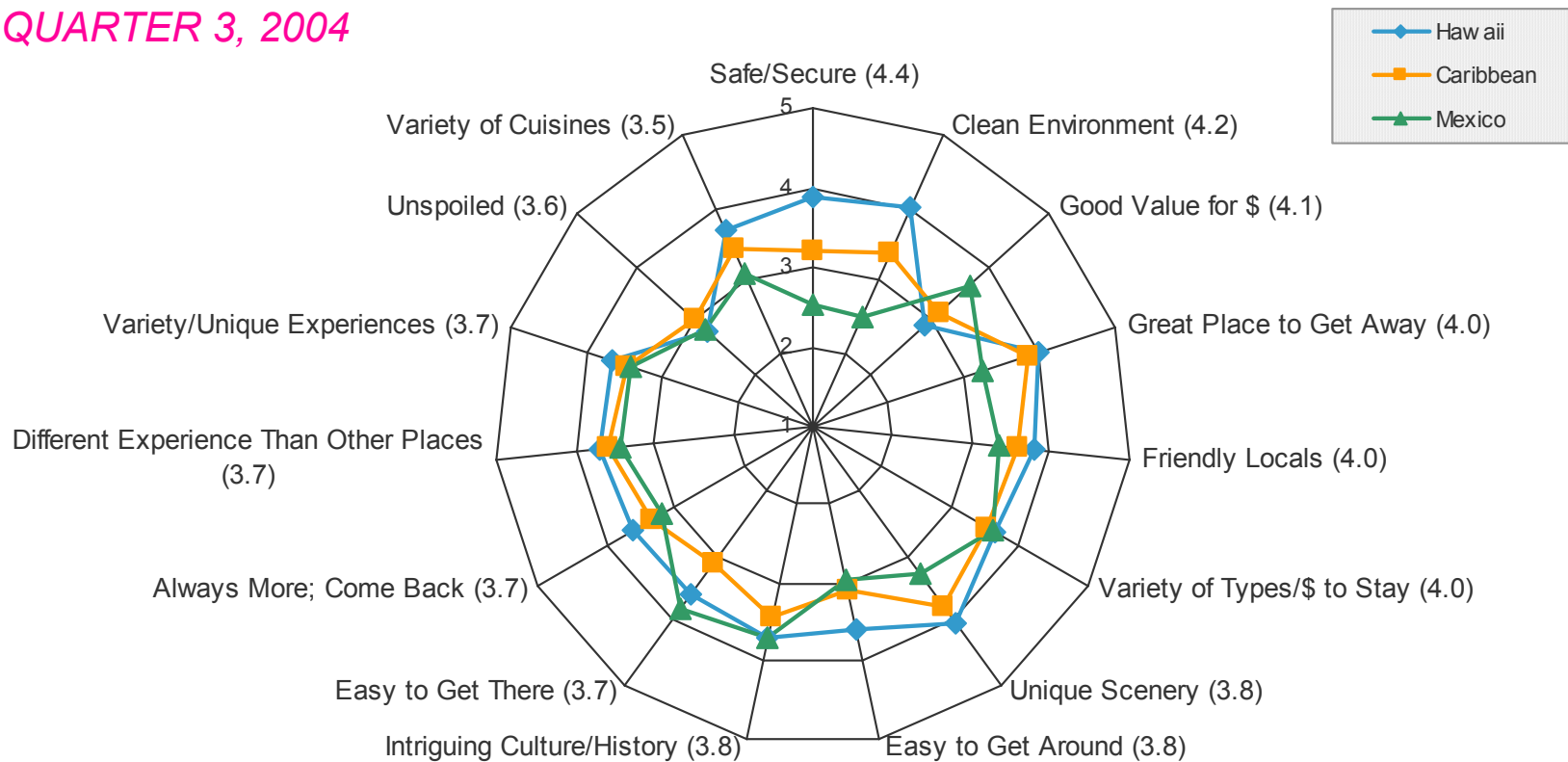
TOTAL 2003



# Western US Market: (Gap) Hawaii/Caribbean/Mexico (Q5)

- Isolating Quarter 3, 2004, **Hawaii** and these competitors follow the same pattern as in the past. With few exceptions, **Hawaii** remains near or above the **Caribbean** and **Mexico**.
- The **Caribbean** maintains the lead on *Unspoiled*; **Mexico** leads on *Easy to Get There* and *Good Value for the Money* and is very competitive on *Intriguing Culture/History*.

## QUARTER 3, 2004



# Demographics and Travel Patterns



# Japanese Market: Demographics

## (Hawaii Visitors vs. International Travelers)

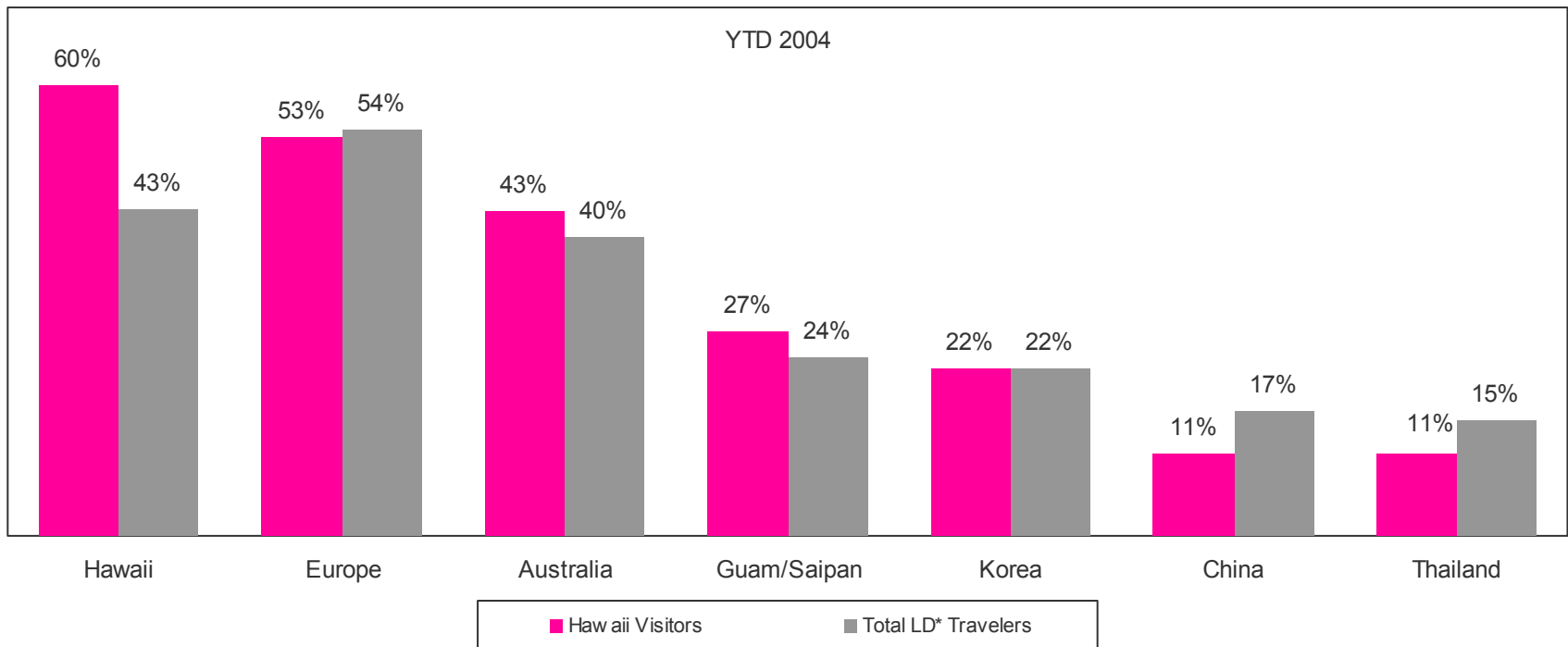
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Quarter 3, 2004 Hawaii Visitors (Past 3 Years):

- Somewhat younger (median age of 44) than other international Japanese travelers (47).
- Compared to a year ago, both Hawaii visitors and International Japanese travelers age by a year; they are older than the prior quarter travelers as well.
- As in the past, except for Quarter 1, Japanese respondents are younger than US visitors and long-distance air travelers (US travelers' average age is typically in the early-to-mid 50s).
- Hawaii visitors' income gap over other international Japanese travelers expands this quarter (\$9,000), approaching that of US Western travelers (\$9,600 more), but remains below that of US Eastern travelers (with a gap of \$21,000).

# Japanese Market: Considered Destinations (Q3)

- Except for Hawaii itself, the top destination choices of Japanese international travelers vary little by whether they have visited Hawaii or not.
- Those who have been there (Hawaii) want to return, but Europe holds strong appeal as well.
- Europe is the top ranked destination among total international travelers; for them, Hawaii and Australia clearly vie for second place (rather than placing Hawaii in the top position as noted for Hawaii visitors).



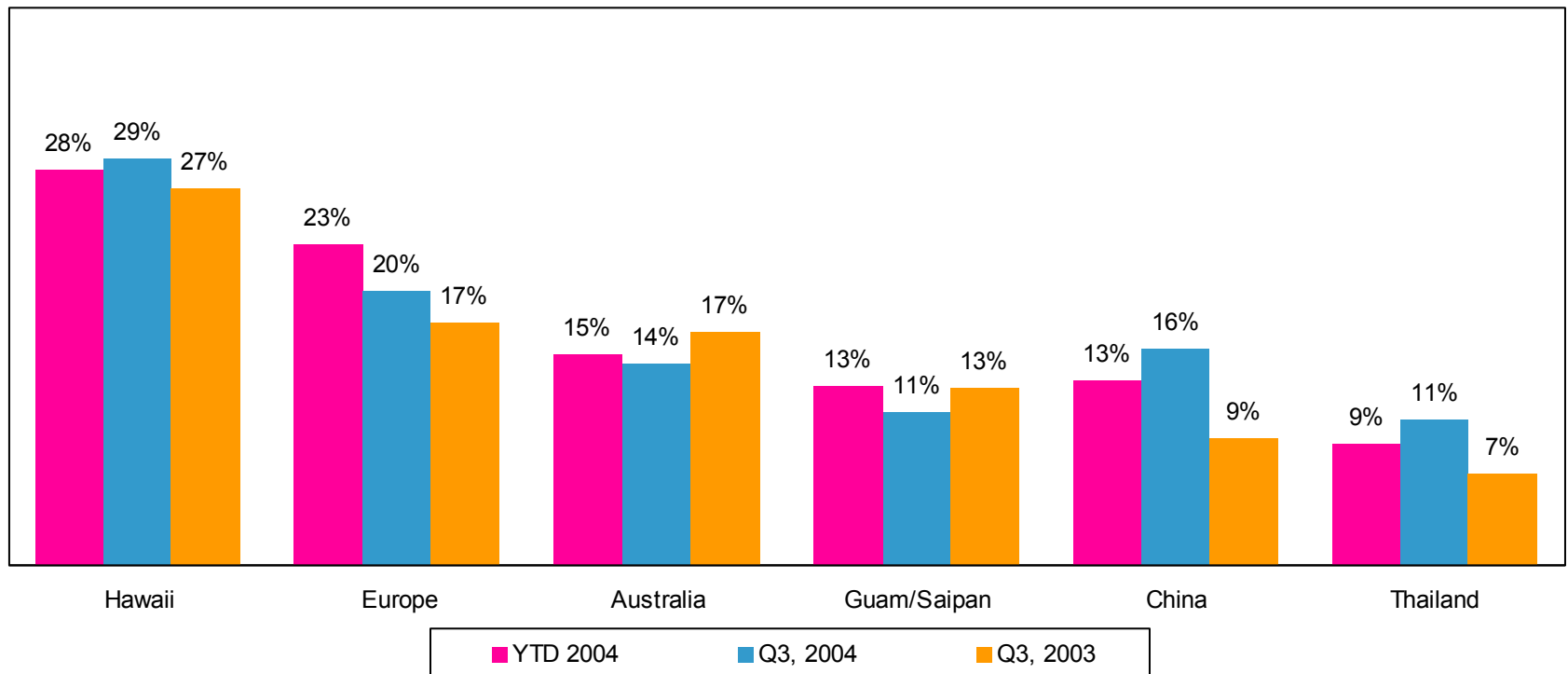
LD\* = Long-distance: 500+ mile air travelers



# Japanese Market: Destinations Planned (Q6)

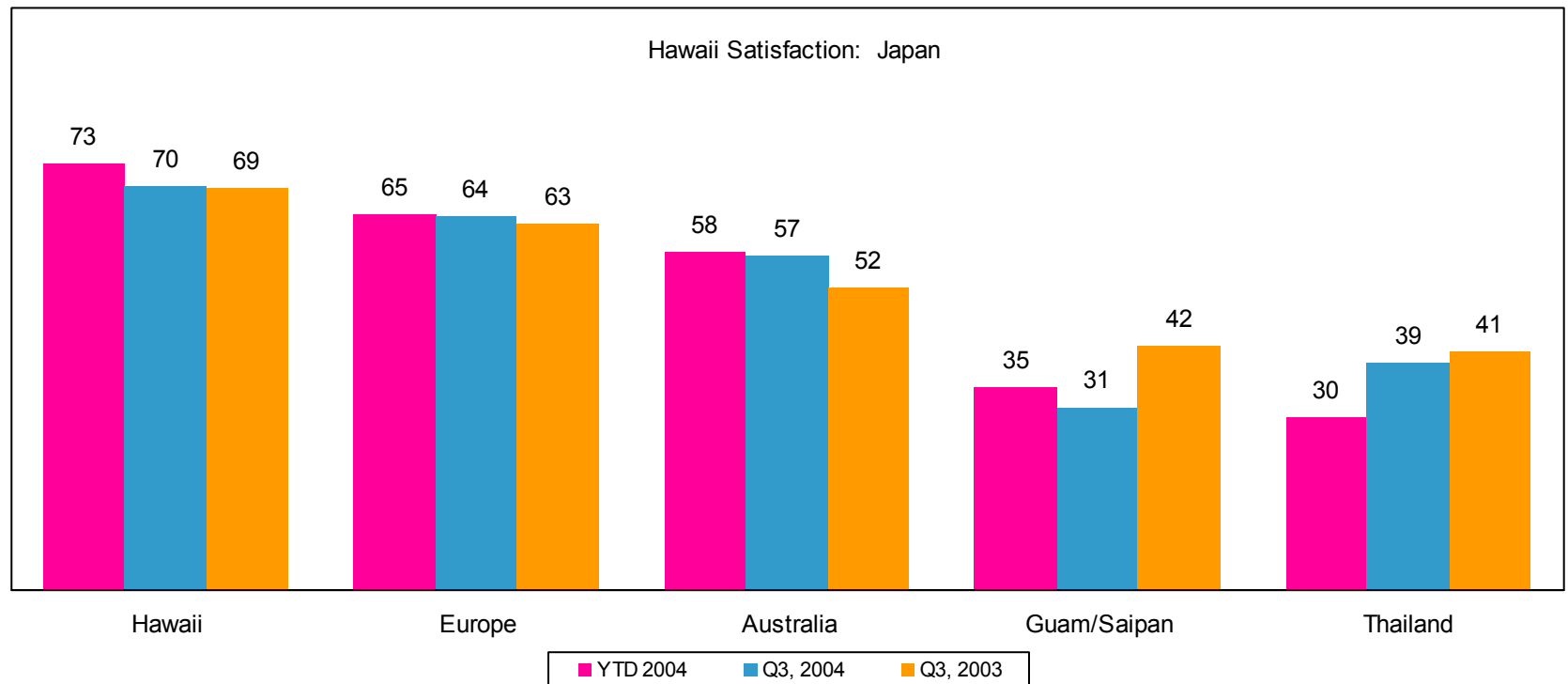
## (Plan to Visit for Leisure Within 24 Months)

- When long-distance travelers choose destinations for trips that they plan to take within 2 years, Hawaii consistently ranks first.
- Interest appears to be shifting. Hawaii gains slightly from a year ago (holding it's Quarter 2 level of interest); Europe also gains and Australia declines. China and Thailand each gain substantially over last year, but remain behind the three leaders year-to-date.



# Satisfaction Index (Q6) (Japan: Especially Like/Have Visited)

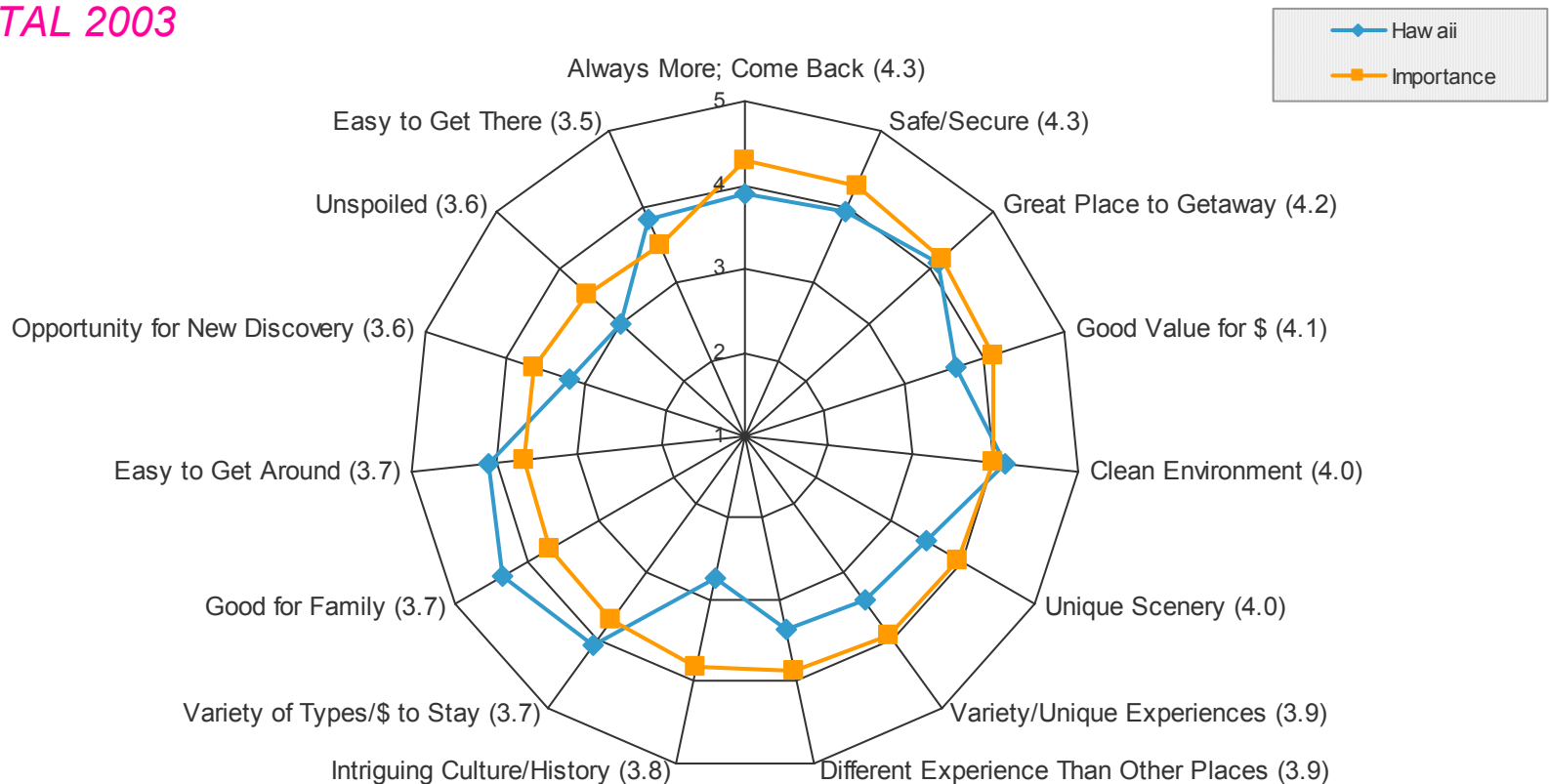
- Similar to a year ago, Quarter 3, 2004 Japanese travelers rate Hawaii higher than these other competitors as a place they especially like.
- Europe remains very competitive and relatively unchanged from the year-ago index.
- Australia improves on satisfaction while Guam/Saipan declines. Thailand is near its prior year level, overcoming most of its dip last quarter.



# Japanese Market: Importance/Ratings (Q5)

- Although Japanese travelers generally assign high scores to the Hawaii experience, a gap usually exists between Hawaii's image and the importance of each attribute. That said, Hawaii excels on *Variety of Types/Prices of Places to Stay*, *Good for Family*, *Easy to Get Around*, and *Easy to Get There*. Hawaii's ratings reach the importance level set by two attributes: *Great Place to Getaway* and *Clean Environment*.

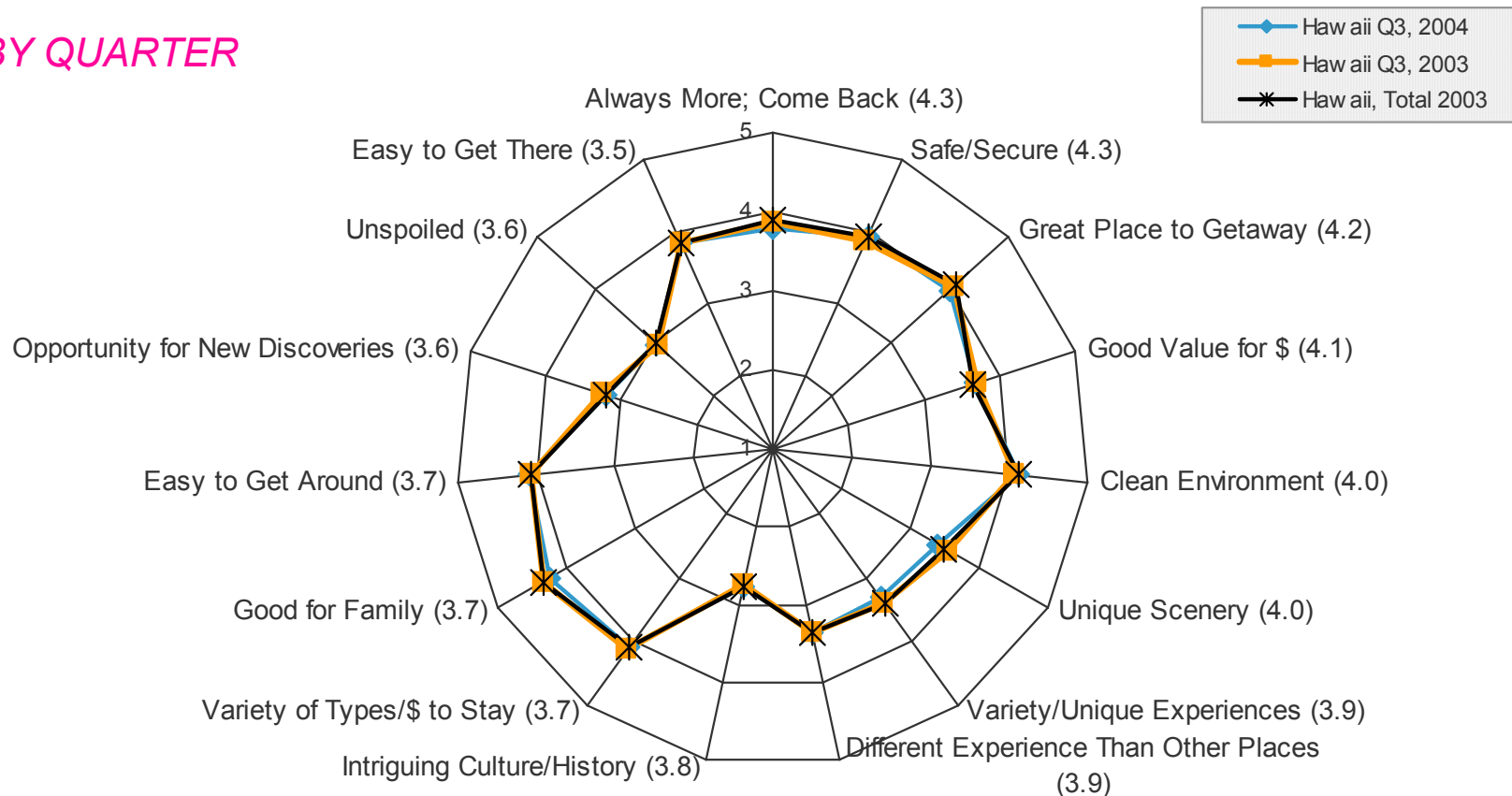
## TOTAL 2003



# Japanese Market: Hawaii Ratings (Q5)

- Comparing Quarter 3, 2004 to Quarter 3, 2003, travelers score Hawaii's image almost identically during both time periods (and for the total of 2003 as well); only one element shifts by more than 0.1 points on a 5.0 scale: *Unique Scenery* (-.14 from a year ago).

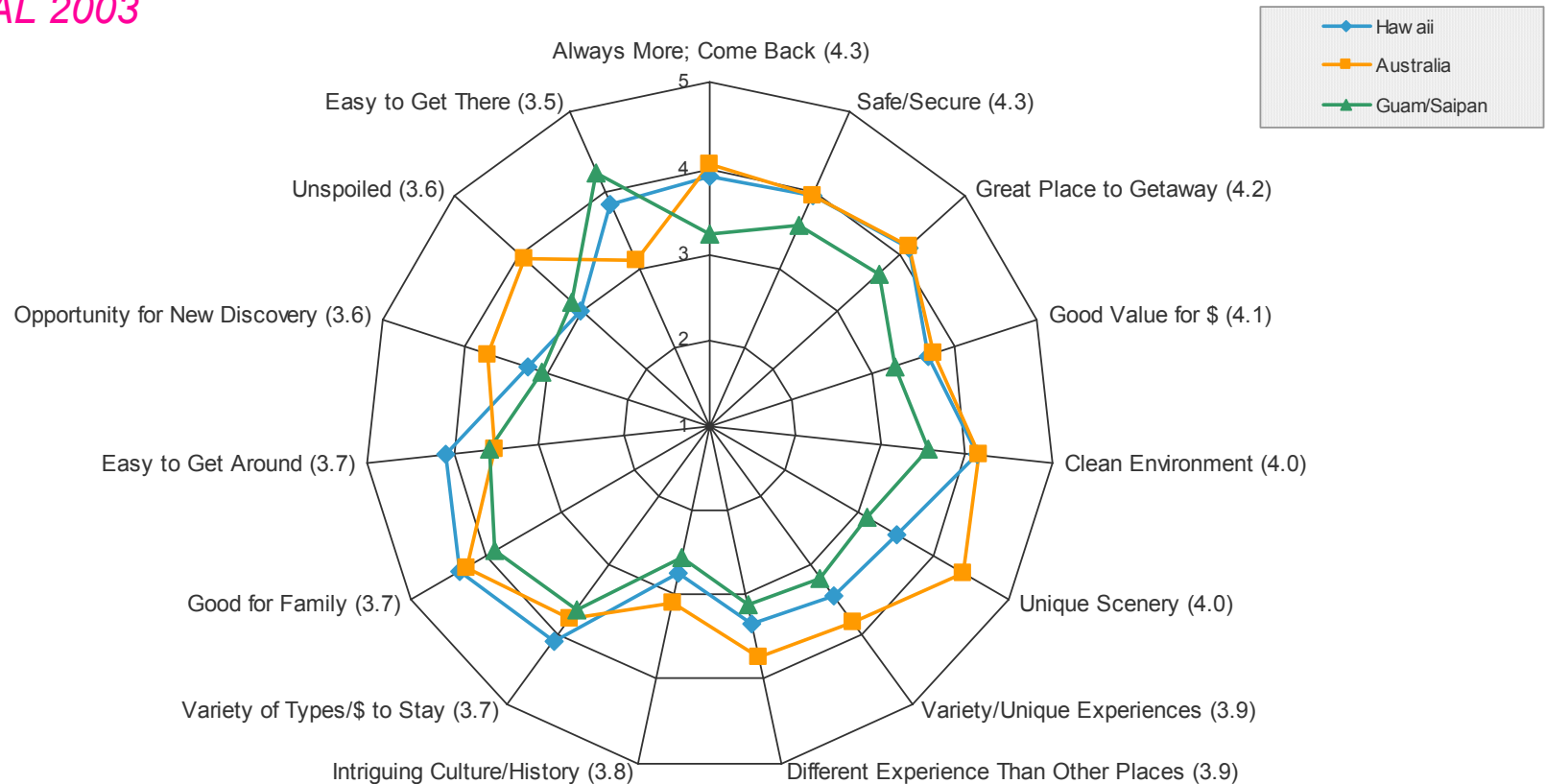
## BY QUARTER



# Japanese Market: (Gap) Hawaii/Australia/Guam-Saipan (Q5)

- **Guam/Saipan** consistently falls short of **Hawaii** and **Australia** on most of these dimensions, except *Easy to Get There*.
- **Australia** tends to lead, but **Hawaii** matches it on several and receives better scores on: *Variety of Types* and *Prices of Places to Stay*, *Easy to Get Around*, and *Easy to Get There* (although short of **Guam/Saipan**).

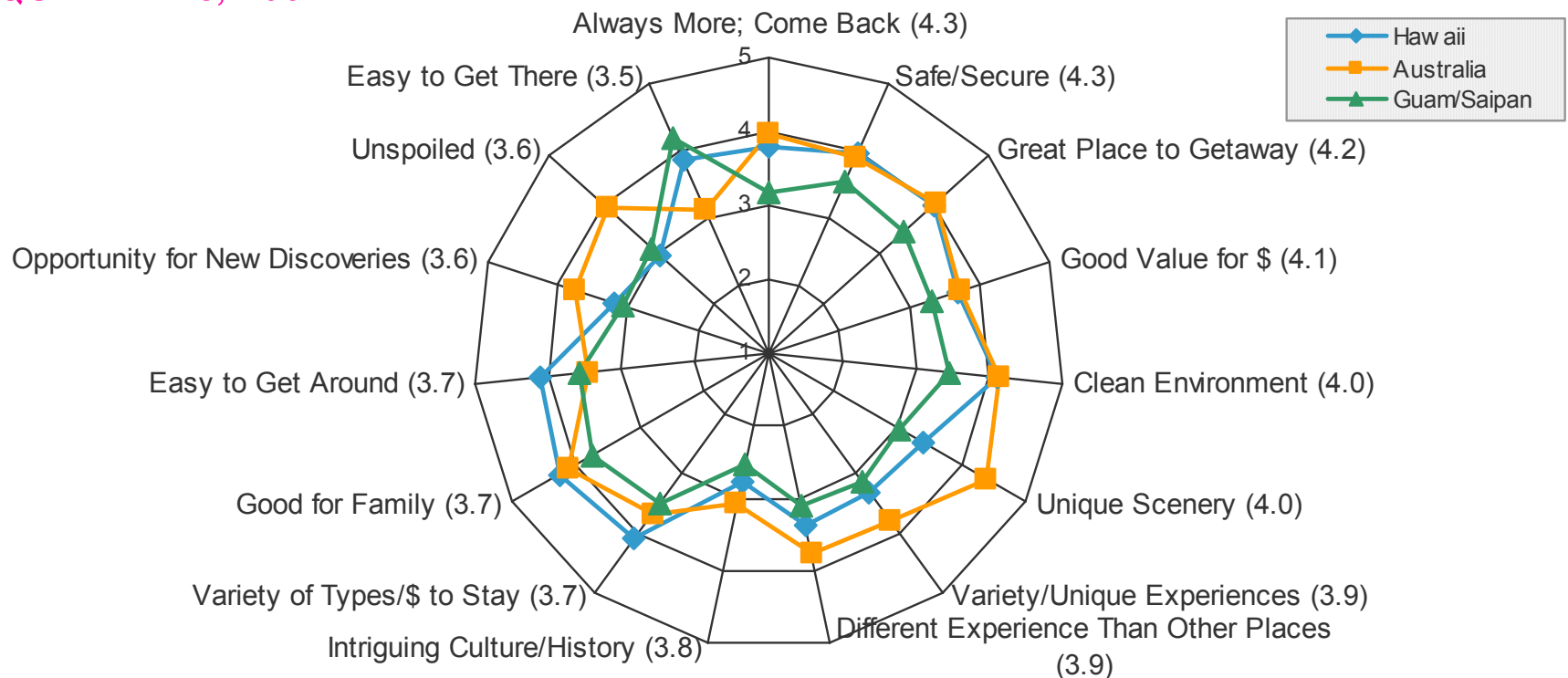
## TOTAL 2003



# Japanese Market: (Gap) Hawaii/Australia/Guam-Saipan (Q5)

- Quarter 3, 2004 exhibits the same pattern as that shown for total 2003 where **Guam/Saipan** usually falls short of **Hawaii** and **Australia**, except that it leads on *Easy to Get There*.
- **Australia** typically leads, but **Hawaii** matches it on several dimensions and receives better scores on: *Variety of Types and Prices of Places to Stay*, *Easy to Get Around*, and *Easy to Get There* (although short of **Guam/Saipan**). The last two quarters, **Hawaii** also pulls ahead on *Good for Family*.

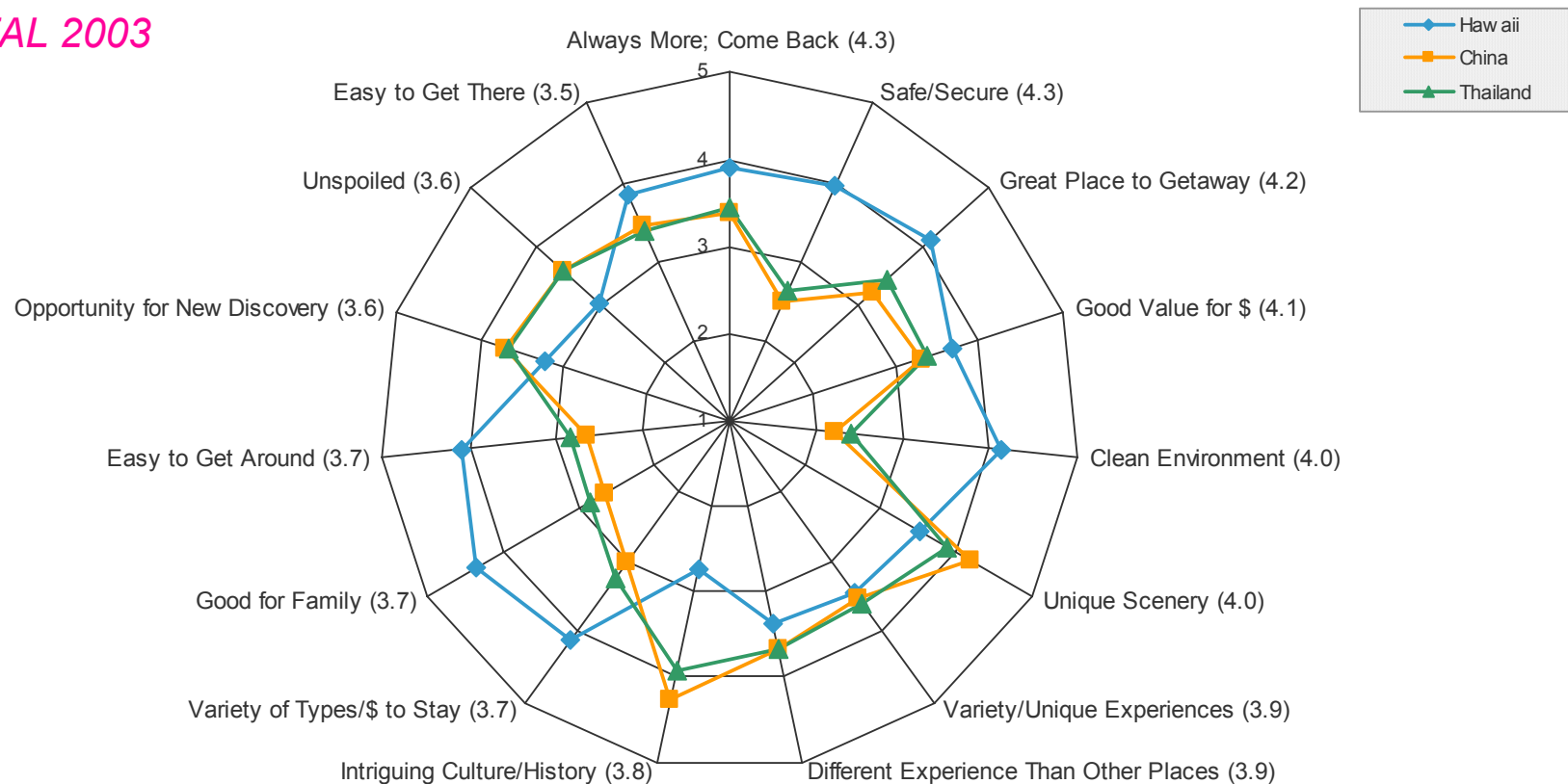
## QUARTER 3, 2004



# Japanese Market: (Gap) Hawaii/China/Thailand (Q5)

- **Hawaii** “wins” by wide margins on most of these attributes, especially the five most important ones.
- However, **China** and **Thailand** receive higher scores on: *Unique Scenery Unlike Anywhere Else, Variety/Unique Experiences, Different Experience Than Other Places, Intriguing History and Culture, Opportunities for New Discovery, and Unspoiled.*

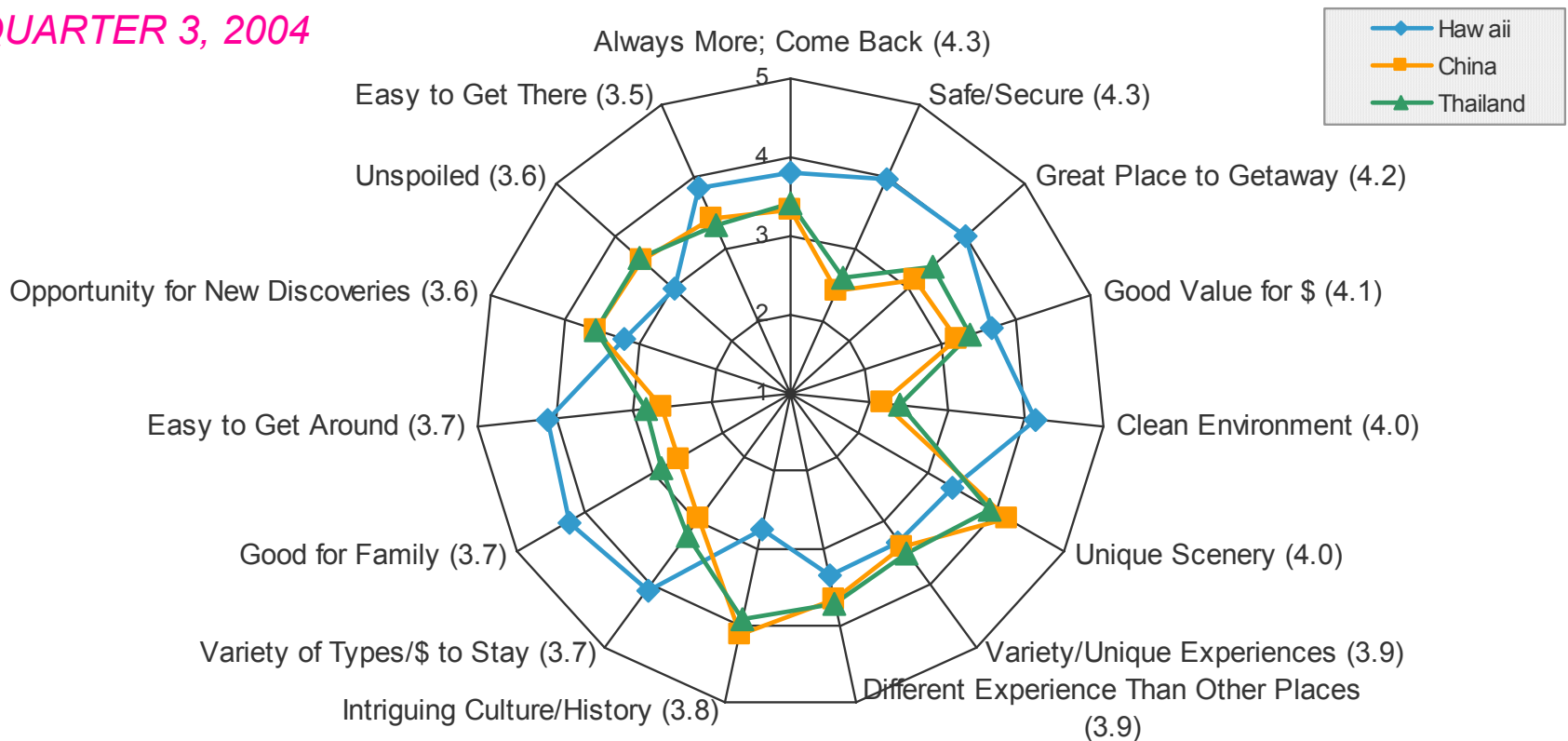
TOTAL 2003



# Japanese Market: (Gap) Hawaii/China/Thailand (Q5)

- Quarter 3, 2004 reflects the same patterns with **Hawaii** still winning on most attributes, including the five most important ones.
- **China** and **Thailand** continue to receive higher scores on: *Unique Scenery Unlike Anywhere Else, Different Experience Than Other Places, Intriguing History and Culture, Opportunities for New Discovery, and Unspoiled*. The three regions receive similar scores on *Variety/Unique Experiences*.

## QUARTER 3, 2004





# Importance of Attributes in US and Japan

Factor Analysis

# US Market: Importance Factors (Q5) (cont.)

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**Easy, Value, Safe, Clean (4.0):** Easy to get there, good value for money, easy to get around, safe/secure, clean environment, variety of types/prices of places to stay

**Unique and Unspoiled (3.7):** Unique scenery unlike anywhere else, unspoiled and not over-developed

**New Discoveries/Unique (3.5):** Opportunities for new discoveries, variety of cultural activities, always new activities, more to “come back for,” intriguing history/culture, variety of unique experiences, different experience than other places

**Good for Family/Friendly (3.3):** Good for family/children, local people are friendly

**Social Scene (3.2):** Romantic, variety of nightlife, place to “get away from it all,” cuisines and dining options

**Events & Entertainment (2.8):** Special events/festivals, entertainment (theatre, concerts, galleries), shopping

**Active Recreational Choices (2.7):** Adventure activities; nature activities, wide variety of recreational activities

**Golfing (1.6):** Great place to golf

**Great Place to Getaway (4.2):** Great place to “get away from it all”

**Good Value/New Discoveries (4.1):** Good value for the money, more to “come back for,” opportunities for new discoveries, easy to get around

# Japanese Market: Importance Factors (Q5)

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**Unique and Unspoiled (3.9):** Unique scenery unlike anywhere else, intriguing history/culture, unspoiled and not over-developed, different experience than other places, variety of unique experiences

**Clean, Safe, Family Oriented (3.7):** Clean environment, safe and secure, good for family/children, easy to communicate in native language, variety of types/prices of places to stay, easy to get there, local people are friendly

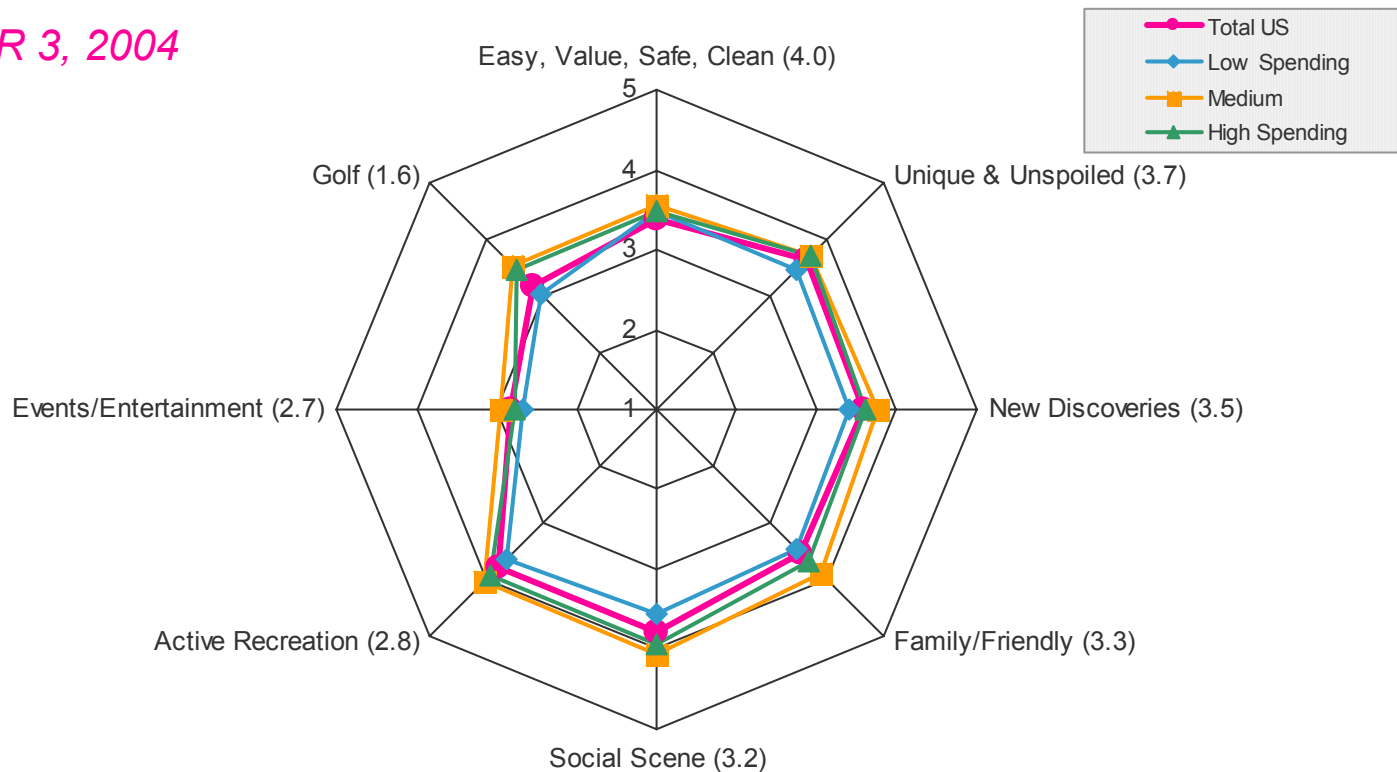
**Active Recreational Choices (2.8):** Nature activities, always new activities, adventure activities, many things to do for active lifestyles, variety of cultural activities, wide variety of recreational activities, great place to golf

**Social Scene (2.8):** Variety of nightlife, entertainment (theatre, concerts, galleries), cuisines and dining options, romantic, special events/festivals, shopping

# US Market: Rating of Hawaii by Spending Level (Q5)

- Visitor spending levels do not reveal much distinction in their assessment of Hawaii. That said, Low Spenders tend to rate Hawaii slightly lower on most dimensions – possibly because they are less likely to take advantage of them – while Medium and High Spenders seem attracted to all of Hawaii's features, and consistently rate them higher.
- Quarterly year-to-year changes are comparable to last year. However, while both Low and High Spenders rate Hawaii lower on most dimensions compared to a year ago, Medium Spenders rate Hawaii the same or higher on all dimensions except for *Easy, Value, Safe, Clean* (see appendix).

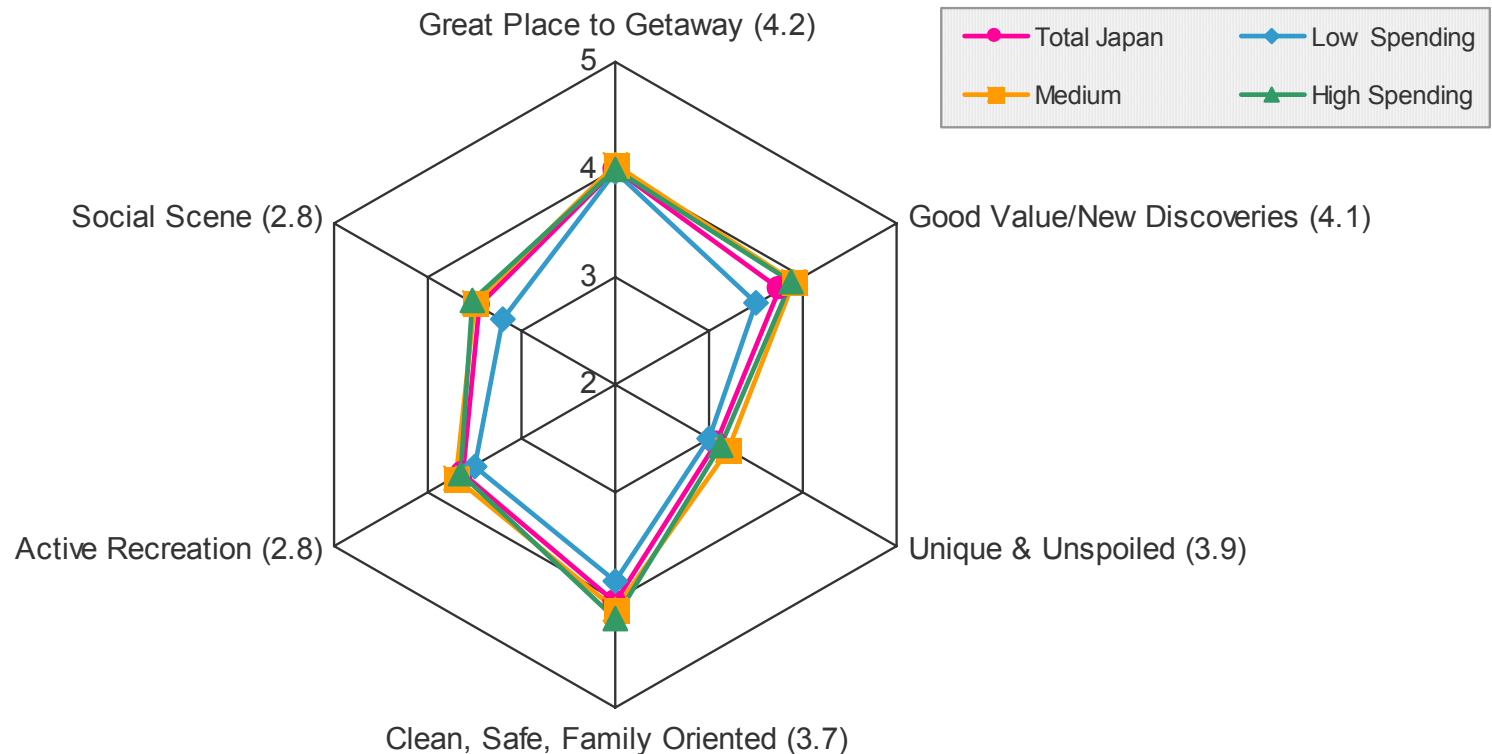
QUARTER 3, 2004



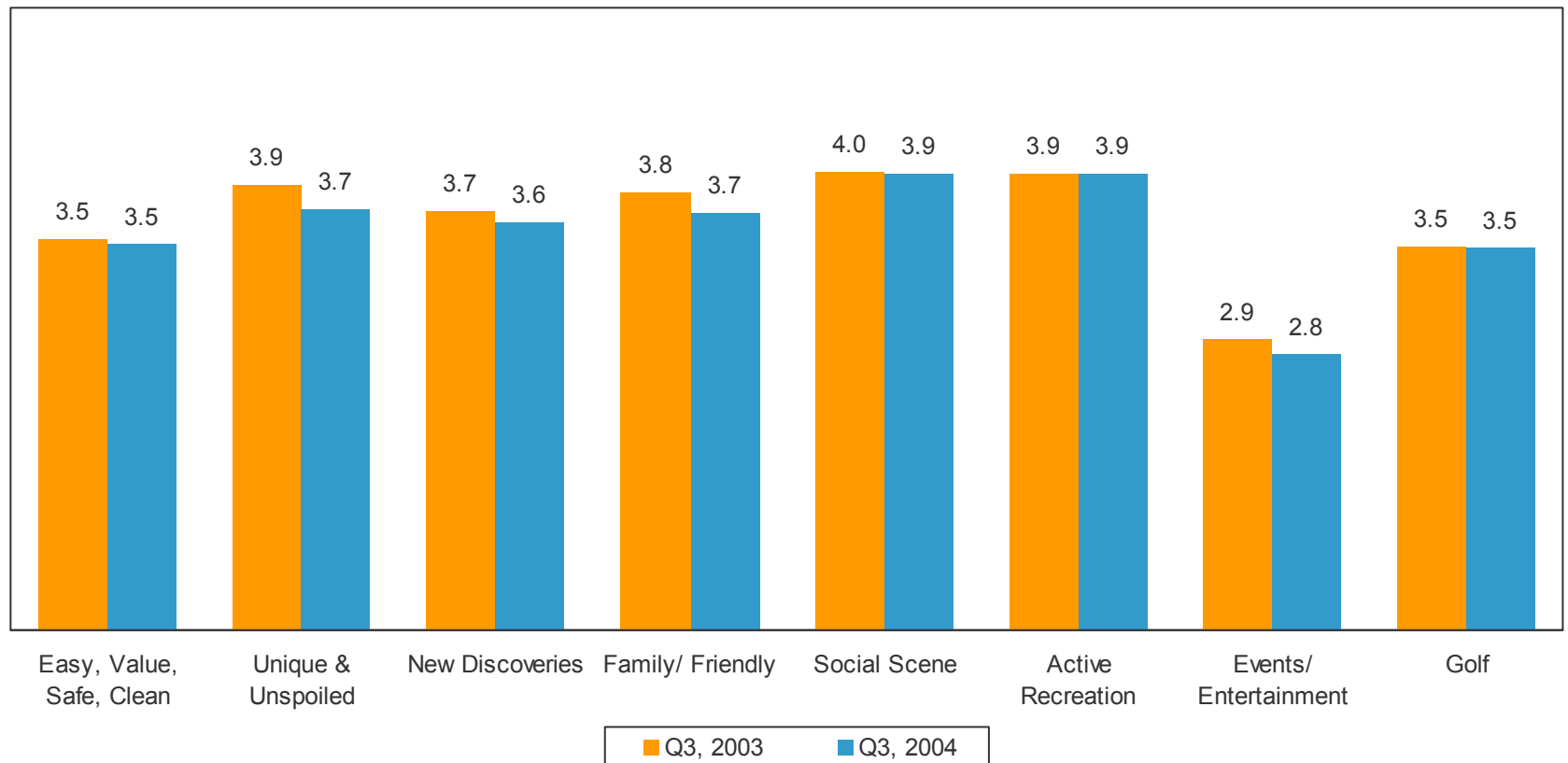
# Japanese Market: Rating of Hawaii by Spending Level (Q5)

- Similar to US results, spending levels reveal only small differentiations in Hawaii attribute ratings. As noted for the US market, the tendency exists for Low Spenders to rate Hawaii lower (except as a *Great Place to Get Away*) and Medium and High Spenders rate it higher on most factors.
- Also similar to US results, quarterly year-to-year comparisons (see appendix) indicate a small deterioration in perceptions of Low Spenders. However, differences are minimal among Medium and High Spenders.

## QUARTER 3, 2004



# US Market: Rating of Hawaii by High Spenders (Q5)



## Japanese Market: Rating of Hawaii by High Spenders (Q5)

